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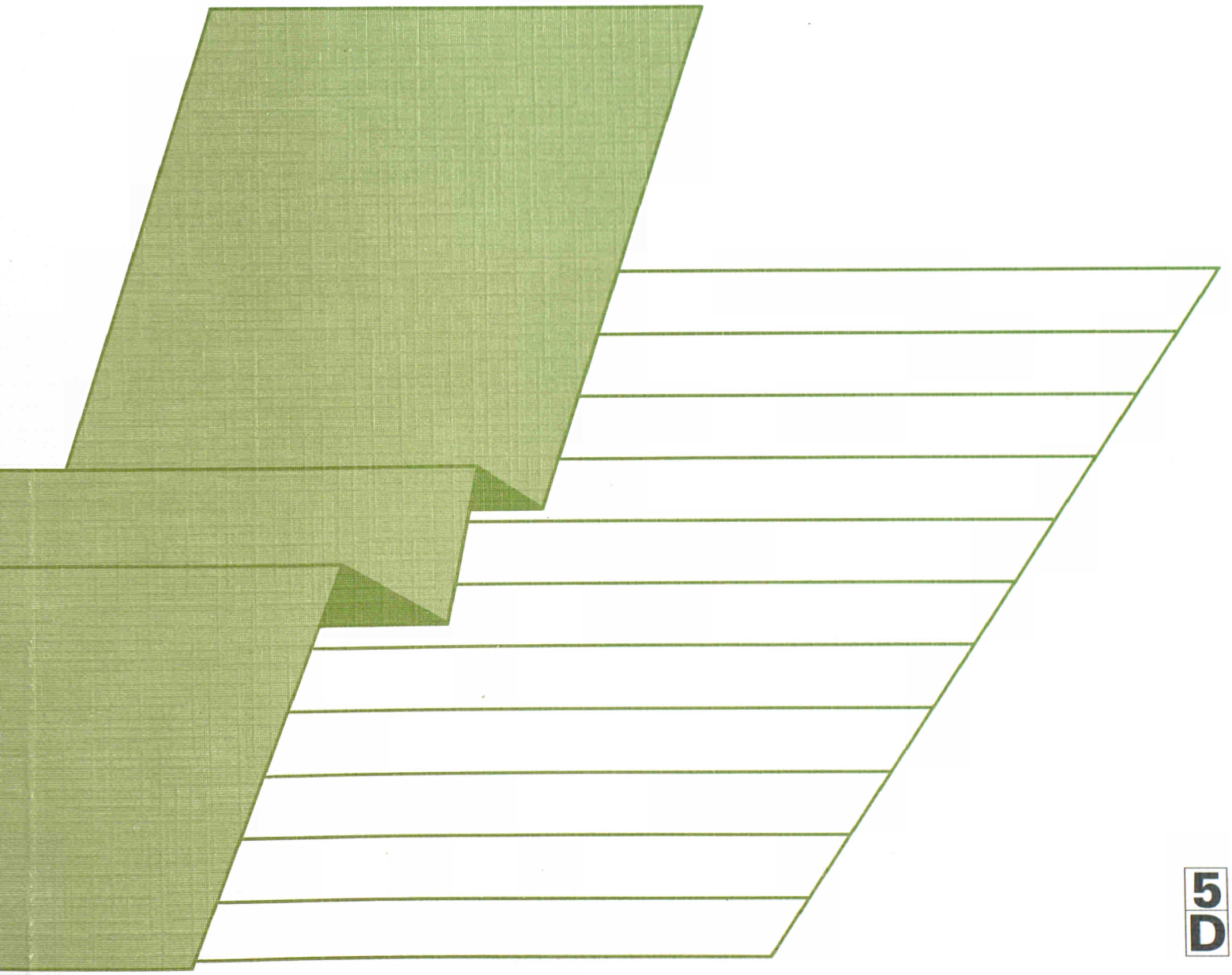
AGRICULTURAL INCOME — 1992



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Y. Franchet
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Y. Franchet
Directeur général

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CONTENTS

1 INTRODUCTION

In 1993 - as in previous years - Eurostat has undertaken to publish the results of estimates of recent changes in agricultural income in the Member States and in the Community as a whole. The calculations are based on data provided by the appropriate national authorities. Users of this publication will therefore find in it information on and analyses of the income situation in agriculture and how this is changing. As the findings are highly important for a better understanding of the Community's agriculture, Eurostat endeavours to improve and extend the analysis procedure each year.

This publication focuses on changes in agricultural income in the Member States and in the Community as a whole for 1992 compared with 1991. Whilst the December 1992 "Rapid Report No.1992-14" on agricultural income in 1992 outlined the most important changes over the past year, this publication provides revised and more detailed data as well as analyses and comments. These analyses chart the effect of the different factors on changes in incomes in 1992 (Chapters 2 to 4), place recent results in the context of changes in agriculture within the Community and Member States since 1980 (Chapters 5 and 6), and allow comparisons of absolute levels of agricultural income between Member States (Chapter 7).

The figures are based on the last available estimates (**January - February 1993**) produced by the national departments regarding probable changes in prices, quantities and values for products and charges which determine income in the agriculture sector. The methodology applied is that of the Economic Accounts for Agriculture (EAA)(1).

Three indicators have been derived from the EAA to show unit income trends in agriculture.

The net value added at factor cost in agriculture is computed from the value of final agricultural production, deducting intermediate consumption, depreciation and taxes linked to production, and adding subsidies(2). This figure deflated by the implicit price index of gross domestic product at market prices(3), and divided by the total labour input in agriculture(4) provides **indicator 1**.

Net income from agricultural activity of total labour input is computed by subtracting rents and interest payments from net value added at factor cost. This figure, deflated by the same price index referred to above and divided by total labour input in agriculture, gives **indicator 2**.

Net income from agricultural activity of family labour input is computed by deducting compensation of employees from the net income from agricultural activity of total labour input. This figure is deflated like the two previous ones and then divided by family labour input only (holder and members of his family working on the holding) to give **indicator 3**.

To calculate indicators 2 and 3, more information is needed than for calculating indicator 1: data on rents and interest for indicator 2, and on compensation of employees and the breakdown into family and non-family (paid) labour input for indicator 3. Full harmonization has yet to be achieved in the Member States on these variables. For this reason, the analysis centres on indicator 1, which is more reliable and has better comparability than the other two.

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(1) cf. Eurostat "Manual on Economic Accounts for Agriculture and Forestry", Theme 5, Series E, Luxembourg 1989 (New edition to be published in 1992).

(2) cf. "Methodological Note A.1.1" on the calculation of agricultural aggregates.

(3) cf. "Methodological Note A.1.4" on the calculation of the deflated series, especially for the Community as a whole.

(4) cf. "Methodological Note A.1.2" on the definition and measurement of the agricultural labour input.

Changes in agricultural income in 1992 in the Community as a whole are presented and analysed in chapter 2 of this report and then broken down by Member State in chapter 3. The data for Germany (and hence for EUR 12) relate to the area as constituted prior to unification on 3 October 1990. Insofar as figures are available, the agricultural income situation in the former GDR is discussed in an appendix to the chapter dealing with Germany in chapter 3.

In order to present information on the liquidity position of the agricultural production sector, a **cash flow indicator** has been defined and is analysed in chapter 4. It differs from agricultural income indicator 3 in that it does not include changes in stock, own account gross fixed capital formation or depreciation. As last year, and henceforth, this indicator is now available for eight countries (B, D, F, IRL, L, NL, P, UK).

Changes in agricultural income over a longer term are the subject of a more detailed analysis in this report than in previous editions, the Community as a whole being dealt with in chapter 5 and the individual Member States in chapter 6. The period under consideration runs from 1980 to 1992, which enables Portugal (for which the relevant data series are available only from 1980 onwards) to be included in the analysis. As for the chapters dealing with short-term changes, there is a detailed analysis of the factors determining changes in the three income indicators. The period chosen is divided into three sub-periods, limited by the "years" calculated as averages of three years in order to lessen the impact of sharp short-term fluctuations.

As last year the analyses and comments on the changes of agricultural income presented in chapters 2-4 (short-term changes) and 5-6 (long-term changes) of this Report are mainly related to changes in real terms (deflated). In effect, while studying nominal changes can be of some interest in a national context, it is much less relevant when calculating Community aggregates or when establishing comparisons between countries with very different inflation rates.

Although annual changes in income remain the central element for analysis, **absolute agricultural income levels** by annual work unit in each Member State are compared in chapter 7 in spite of considerable methodological and statistical reservations. With a view to maximum comparability, the income figures are converted on the basis of both the ECU and purchasing power standards (PPS)[5]. A comparison is also made of trends in the absolute level of income in agriculture per annual work unit between the Member States.

It should be noted that the agricultural income concerned in the chapters mentioned so far is based on **macro-economic and national data**. The figures therefore reflect the average changes in agricultural income without any possibility of differentiating between regions and types of holdings. The actual level of income in some cases may deviate substantially from the averages given in this report.

Furthermore, indicators relate to the agricultural **branch**. When interpreting results, it should be remembered that to obtain the disposable income of agricultural holders, income from non-agricultural sources (other activities, remuneration, welfare benefits, property income) should be added and personal taxes and welfare payments deducted.

Although it is currently not possible to present harmonized data on the **total income of agricultural households** for the Member States, Eurostat published in the summer of 1992 the first report[6] of this type, presenting and commenting on the results available for eleven Member States (except Belgium), but without any comparison between them or aggregation to Community level. Chapter 8 of this report, as in previous editions, indicates the amount of recent progress and the future work to be carried out in this field.

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(5) For a definition see Eurostat: "Purchasing power standards and gross domestic product in real terms, results 1985", Theme 2, series C, Luxembourg 1988.

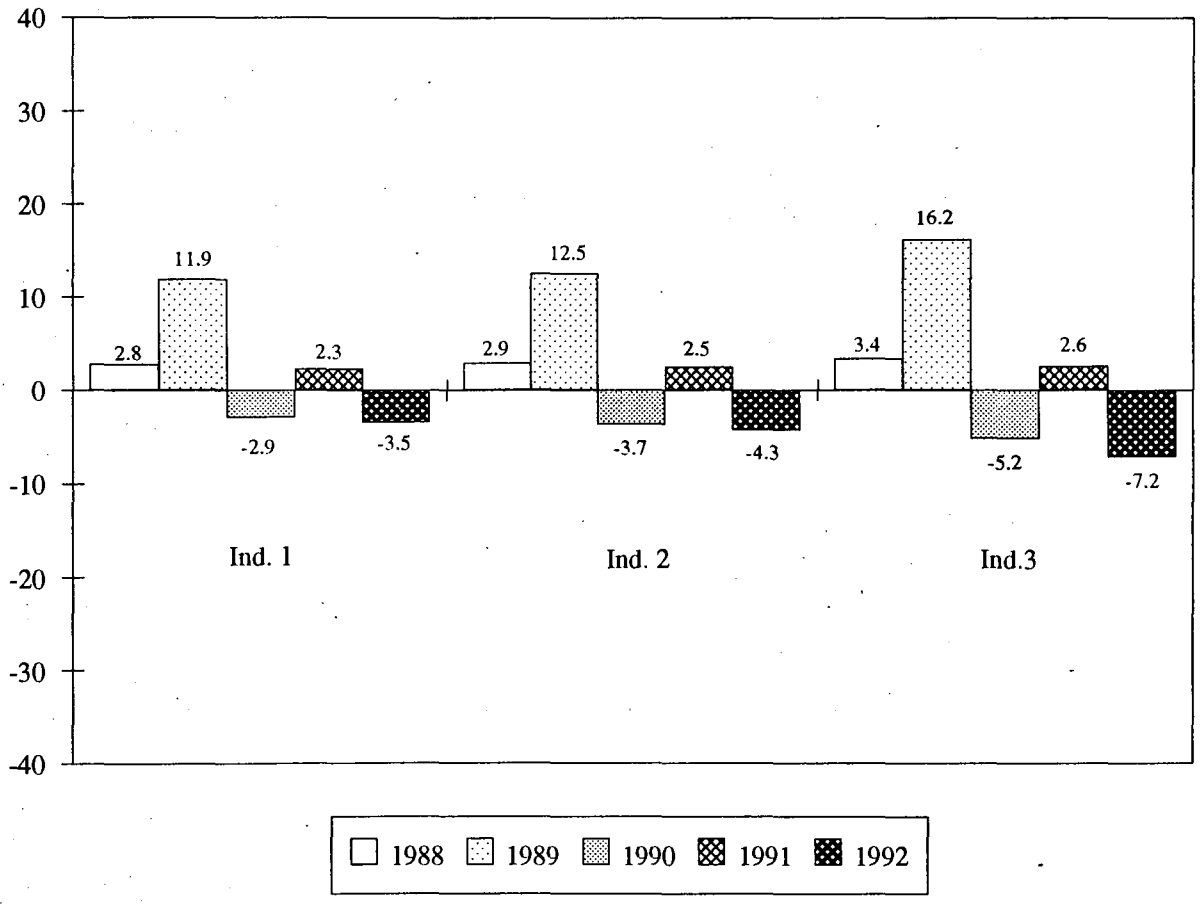
(6) Eurostat: Total Income of Agricultural Households - 1992 Report, Theme C, Series C, Luxembourg.

2 CHANGES IN AGRICULTURAL INCOME IN THE COMMUNITY IN 1992 OVER 1991

2.1 Main results: an overview

Member States' estimates available in January/February 1993 show a fall (-3.5%) in agricultural income as measured by real net value added at factor cost per Annual Work Unit (**Indicator 1**) in the Community in 1992. The rise in income observed in 1991 (+2.3%) did not, therefore, continue into 1992, but income still remained at a level near to that achieved in the exceptional year 1989 (+11.9%). The fall in real net income from agricultural activity of total labour input per AWU (**Indicator 2**) is expected to be -4.3% in 1992 (after +2.5% in 1991 and -3.7% in 1990). Real net income from agricultural activity of family labour input per AWU (**Indicator 3**) is expected to have declined by -7.2% in 1992 (after +2.6% in 1991 and -5.2% in 1990)[1] (cf. see Figure 2.1).

Figure 2.1 **Trends in the three agricultural income indicators in the Community from 1988 to 1992 (in %)**



The main cause of this decline in agricultural income at the Community level is the fall in agricultural prices. In nominal terms, the value of **total final agricultural production** decreased slightly in 1992 (-1.8%, made up of a -4.6% decrease in nominal prices and a +2.9% increase in production volume). The

(1) Cf. "Note on methodology A.1.3" on the method of calculating short-term changes for EUR 12.

nominal value of **crop production** fell by -6.1% in the wake of lower nominal prices (-10.8%, a fall which affected all the main products, particularly fresh fruit, potatoes and oilseeds) and despite harvests which were generally good (+5.2% in volume terms, with increases for fresh fruit, wine and root crops, but significant falls for cereals, oilseeds and olive oil). By contrast, the nominal value of **animal products** increased by +2.8%, as there was a slight increase in production volume (+0.5%, comprised of declines for milk and eggs, and increases for sheep, poultry and pigs) combined with an increase in nominal prices (+2.3%, most noticeably for cattle, sheep and pigs). Unlike 1990 and 1991, when lower prices in the animal sector depressed agricultural income significantly, the main factor in the deterioration of Community agricultural income in 1992 was therefore the fall in the nominal prices of crop production.

If one allows for the effects of inflation(2), the value of final production fell by -6.3% in real terms as a result of lower **real prices** (-9.0%). The decline in real value was fairly moderate for animal products (-1.7%), with a decline in real prices of only -2.2%, but very pronounced in the case of crop production (-10.7%), as a result of an average decline in real prices of -15.2%.

Although the use of **intermediate consumption** was stable in volume terms (+0.2%), its value increased more strongly in nominal terms (+1.2%) as a result of higher nominal prices (+1.0%). The latter brought about a significant deterioration in the "price scissors"(3) of Community agriculture (-5.5%), whilst the apparent productivity of intermediate consumption(4) rose by +2.7%. The increase in the prices of intermediate consumption was less than inflation, however, and the value of intermediate consumption fell by -3.3% in real terms.

Table 2.1 **Changes in the three agricultural income indicators in the Community and Member States, 1990/1989, 1991/1990 and 1992/1991 (in %)**

Member State	Indicator 1			Indicator 2			Indicator 3		
	1990	1991	1992	1990	1991	1992	1990	1991	1992
B	-9,2	-1,2	-5,3	-12,4	-1,8	-8,2	-13,8	-2,8	-9,5
DK	-6,0	-8,4	-10,6	-12,5	-18,3	-28,3	-16,2	-28,9	-52,5
D	-11,0	-6,3	2,5	-14,2	-9,0	2,7	-17,1	-11,9	3,5
GR	-16,0	25,8	-10,1	-17,5	25,7	-10,6	-18,5	25,4	-12,6
E	4,9	1,9	-9,6	6,6	0,0	-13,1	7,7	0,6	-18,4
F	4,4	-3,8	-0,9	5,0	-5,1	-1,2	4,7	-7,4	-2,5
IRL	2,1	-7,4	16,5	-0,7	-7,7	19,6	-1,6	-9,2	21,9
I	-8,2	12,1	-4,1	-8,6	14,6	-4,7	-14,4	29,6	-10,8
L	-6,0	-14,8	6,9	-9,8	-18,8	5,5	-11,6	-18,9	5,5
NL	-4,2	-0,2	-12,1	-6,6	-0,7	-15,4	-9,7	-3,2	-21,0
P	6,7	-8,6	-8,7	3,6	-10,4	-13,4	5,0	-14,9	-15,8
UK	1,0	-3,1	2,2	0,1	0,9	6,7	-1,4	0,3	11,3
	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EUR 12	-2,9	2,3	-3,5	-3,7	2,5	-4,3	-5,2	2,6	-7,2

By adding **subsidies,**(5) which went up by +16.5% for EUR 12 in nominal terms (+10.4% in real terms) and deducting **taxes linked to production,** which fell by -10.4% in nominal terms (-13.6% in real terms), and **depreciation** (-0.3% in nominal terms and -4.7% in real terms), we obtain **net value added at factor cost**

(2) Cf. "Note on Methodology A.1.4.", on the method of calculating data in real (deflated) terms for EUR 12. The rates of inflation in the Member States in 1992 are set out in Table 2.2.

(3) The "price scissors" of agriculture is measured by the ratio of the index of the nominal prices of total final production to the index of the nominal prices of intermediate consumption.

(4) The productivity of intermediate consumption is measured by the ratio of the index of the volume of total final production to the index of the volume of intermediate consumption.

(5) According to the Economic Accounts for Agriculture, subsidies only include direct current transfers to agriculture, except for price support (the effect of which appears in producer prices themselves), investment aid and aid given to the agri-foodstuffs industries (even if used for supporting agricultural production). The trend in subsidies is therefore not representative of the trend in overall support for Community agriculture: an increase may result from the introduction or reinforcement of measures to compensate for reductions in price and market support.

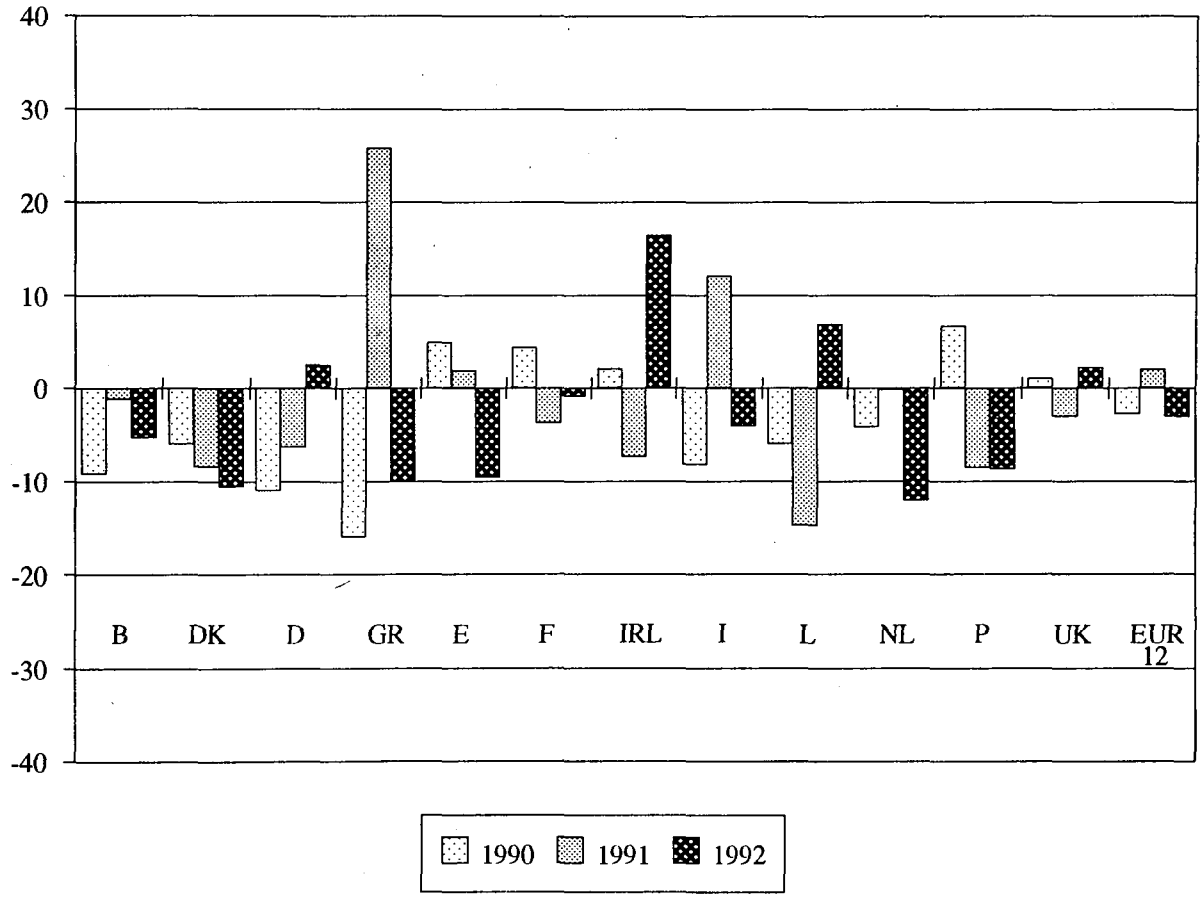
(NVAfc). The last of these (NVAfc) fell in nominal terms by -2.0% for EUR 12 (after +4.7% in 1991) and by -7.0% in real terms (after -1.6% in 1991).

The -3.7% decline in **total agricultural labour input** expressed in Annual Work Units (after -3.7% in 1991) lessened the impact of this fall in value added on **Indicator 1,** which nevertheless decreased by -3.5%.

There was a moderate increase in expenditure on **rents** and especially **interest** (+1.0% and +1.8% respectively) in nominal terms; in real terms the declines were -3.8% and -3.0%, and therefore, lower than the reduction in NVAfc. This partly explains the downward trend in **Indicator 2** (- 4.3%), which was slightly steeper than that of Indicator 1: the **total net income,** the basis for Indicator 2, actually declined by -2.8% in nominal terms (compared with -2.0% for the NVAfc) and by -7.8% in real terms (-7.0% for the NVAfc).

The increase in **compensation of employees** (+4.5% in nominal terms, or -0.3% in real terms) explains why **net family income** fell slightly more sharply, by -5.5% in nominal terms and by -10.6% in real terms, which affects **Indicator 3** (-7.2%), since the decline in **family labour input** is fairly close to that of total labour input (-3.7%, after -3.9% in 1991).(6)

Figure 2.2 **Changes in agricultural income indicator 1 in the Community and Member States, from 1990 to 1992 (in %)**

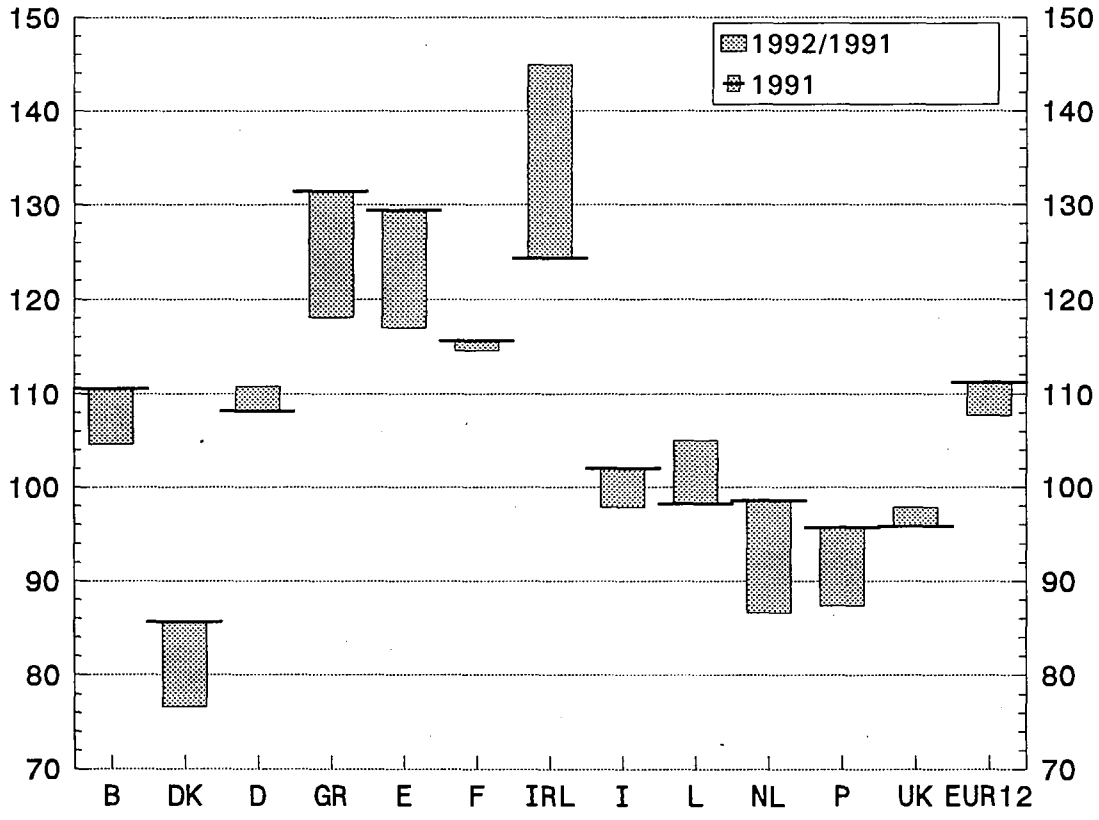


(6) It should be noted that fluctuations in Indicator 3 are normally more marked (in both directions) than for Indicators 1 and 2 because the same absolute changes (especially in production value) apply to a smaller residual aggregate: for example, in "1991", net family income (the basis for Indicator 3) for EUR 12 represented only 51% of gross value added at market prices, as against 70% for total net income (the basis for Indicator 2), and 85% for net value added at factor cost (the basis for Indicator 1).

Agricultural income followed different trends in the Member States in 1992, partly because of differences in the situation at the beginning of the year by virtue of the trends of previous years, and partly because of the diversity of structures and short-term agro-economic trends. Income as measured by Indicator 1, for example, fell by more than 10% in Greece, Denmark (which recorded the largest cumulative decline over two years) and the Netherlands (the largest decline in 1992). Considerable falls were also recorded for Portugal, Spain and, to a lesser degree, Belgium and Italy. In 1992, agricultural income remained relatively constant in France and increased in only four Member States: the United Kingdom and Germany (two countries in which the increases in 1992 were slight, and resulted in a cumulative decline over two years), Luxembourg and Ireland (where the largest increases were recorded in 1992).

Figure 2.3 places the changes in agricultural income in 1992 in a medium-term perspective for both the individual Member States and the Community as a whole. The index for real net value added at factor cost per Annual Work Unit (Indicator 1) is calculated from a base = 100, for the average of the three years 1984 to 1986 ("1985"). Figure 2.3 takes the 1991 value of this index as its basis, shows its trend in 1992 and indicates its new level in the different Member States and the Community as a whole.

Figure 2.3 **Indicator 1 in the Community and Member States, indices for 1990 (base 1984-1986 = 100) and changes in 1992**



When interpreting the values of the index shown in Figure 2.3, it should be remembered that they do not allow a comparison of income levels in the Member States, but only a comparison of their trends since the middle of the decade.

In 1991, the highest indices (compared with "1985") were those of Greece, Spain and Ireland, with France also well above the Community average (which was then 111). The Netherlands, Luxembourg, the United Kingdom, Portugal and especially Denmark, by contrast, saw their agricultural income decline during this period, while the three other Member States (Belgium, Germany and Italy) were fairly close to the average.

By adding the changes in 1992, we find that Indicator 1 for the Community is now only 107.7 and it is now Ireland that has the highest increase in agricultural income since "1985" (+44.9%), other positive trends (of the order of +15%) being recorded for Greece, Spain and France. For Germany, Luxembourg and Belgium there were more moderate increases, while Italy and the United Kingdom have seen their agricultural income decline slightly since the middle of the decade. Finally, there have been marked falls in Indicator 1 since "1985" in the Netherlands and Portugal (-10% and -15%), and especially in Denmark (more than -20%).

2.2 Final agricultural production

The major increase in final agricultural production volume in 1992 (+2.9%, the third biggest increase since 1980) conceals considerable differences between products (which will be discussed at greater length later on) and between Member States (see Table 2.2). The four strongest growth rates (D, F, B and L), from +5.5% to +15.7%, are due to crop production (between +10.5% and +96.2%). The increases in five Member States (GR, IRL, I, NL and UK, from +0.7% to +2.9%) correspond to results which are only just positive for the averages of crop and animal production (except animal production in I and NL). The slight falls (between -0.5% and -1.5%) observed in two Member States (E and P) and the steeper decline in Denmark, are on the whole due to mediocre harvests.

In nominal terms, the prices and values of final production have gone down on average (-4.6% and -1.8% respectively) but the differences in inflation make inter-country comparisons somewhat inappropriate. In real terms, agricultural prices have fallen on average by -9.0% for the Community (the biggest decline since 1980), causing a fall in real production value of -6.3% (the ten-year trend is -2.0% per annum). This fall in real prices is mainly due to crop production (-15.2%), since the real prices of animal production fell by only -2.2%. The average prices for final production in real terms have fallen in all Member States (except Ireland, 0.0%, where crop production is of less importance) and fairly evenly around the Community average (less so in the case of Denmark and the United Kingdom, but more so in Portugal).

Table 2.2 Variations in volumes, prices and values of final agricultural production in the Community and Member States in 1992 by comparison with 1991 (in %)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
Volume	8,7	-5,6	5,5	1,7	-0,5	6,9	2,8	0,7	15,7	2,9	-1,2	1,4	2,9
Nominal price	-9,0	1,3	-5,2	1,8	-6,5	-9,5	2,9	-1,7	-4,9	-4,2	-8,3	1,4	-4,6
Nominal value	-1,1	-4,4	0,0	3,5	-7,0	-3,2	5,8	-1,0	10,0	-1,5	-9,3	2,7	-1,8
Real price	-12,1	-1,2	-9,6	-12,0	-12,1	-12,0	0,0	-6,6	-6,9	-6,7	-18,9	-3,1	-9,0
Real value	-4,5	-6,7	-4,7	-10,4	-12,5	-5,9	2,8	-5,9	7,6	-4,1	-19,8	-1,8	-6,3
Price index GDPmp	3,6	2,5	4,9	15,6	6,3	2,9	2,9	5,2	2,2	2,7	13,1	4,6	:

The real value of production went up significantly in Ireland and Luxembourg. It declined slightly in the United Kingdom, fell at rates close to the Community average in most Member States (B, DK, D, F, I and NL) and plummeted by more than -10% in Greece, Spain and Portugal. One should note that these developments largely determine net value added in real terms (normally somewhat less favourable) and hence Indicator 1 of agricultural income.

Inflation rates (measured by the implicit price index of gross domestic production at market prices) used to calculate real-term prices and values for 1992 (see Table 2.2) have progressed differently in the various Member States, although the general trend was towards a slowdown in the rate; compared with 1991, the inflation rate rose in only four Member States (B, DK, D and IRL), falling sharply in two (I and UK) and more gently in the six others (GR, E, F, L, NL and P). As in the previous year, the highest rates of inflation were recorded in the four southernmost members of the Community (between +5.2% and +15.6%), with Luxembourg and Denmark having the lowest increases (slightly above +2%), inflation in the other Member States being in a band between +2.7% and +4.9%.

The following short commentaries cover the fifteen main products or groups of products in Community agriculture whose share in final production (measured in current ecu for "1991") vary between 1.7% (oilseeds) and 16.2% (milk). Together, they make up 92.9% of this total, no other product exceeding 1%. Overall (i.e. including the products not commented on here), crop production accounts for 50.4% and animal production for 49.1%.(7)

2.2.1 Crop production: very good harvests and sharp falls in nominal prices overall, with very different developments depending on product and Member State

Taken as a whole, the nominal value of crop production in the Community fell in 1992 by -6.1%, which ran counter to the medium-term rate of +4.1%. This steep decline is entirely due to the fall in nominal prices (-10.8%). Crop production, on the other hand, rose strongly in volume terms (+5.2%). In real terms, producer prices fell by -15.2% and the value of crop production by -10.7%, which represents a departure from the trend recorded since 1980 (the ten-year trend being -3.2% and -1.0% respectively).

The developments in the crop sector are of course very different depending on the product, particularly because of the varying sensitivity of crops to climatic fluctuations and the diversity of the markets; in addition, the variations observed in 1992 depend on the production and price levels of 1991. This diversity in product-related developments leads to considerable differences between Member States, because the breakdown by type of crop is also very different; moreover, the situation may vary from one country to another for the same product.

In real value, crop production in 1992 increased only in Luxembourg (+51.7%); it fell in all other Member States, but particularly in DK, E and P, where the fall in real prices was accentuated by the effects of lower volumes (see Table 2.3).

Table 2.3 Variations in volumes, prices and values of final crop production in the Community and in the Member States in 1992 by comparison with 1991 (in %)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
Volume	23,6	-22,0	19,5	2,1	-1,0	10,5	0,7	1,3	96,2	6,9	-4,1	0,5	5,2
Nominal price	-24,4	-2,4	-15,8	-2,1	-11,6	-17,1	-2,0	-3,9	-20,9	-11,7	-17,0	-2,9	-10,8
Nominal value	-6,6	-23,8	0,6	-0,1	-12,5	-8,4	-1,3	-2,7	55,1	-5,5	-20,4	-2,4	-6,1
Real price	-27,1	-4,7	-19,8	-15,3	-16,8	-19,5	-4,8	-8,7	-22,6	-14,0	-26,6	-7,1	-15,2
Real value	-9,8	-25,7	-4,1	-13,6	-17,7	-11,0	-4,1	-7,5	51,7	-8,0	-29,6	-6,7	-10,7

An examination of the variations for the main groups of product (see table 2.4) shows that harvests were well up on 1991 for fresh fruit, wine must and wine, sugar beet and potatoes. The decline in real prices of crop production as a whole prevented the real value of these products from increasing, with the exception of wine must and wine, and sugar beet. These price falls are the result of structural or short-term market imbalances (as in the case of most products) or of a change in the common organization of the market (oilseeds). The declines in the harvests of cereals, oilseeds and olive oil deserve special mention: production in 1991 was particularly high.

Harvests of **fresh fruit**(8) (6.6% of final agricultural production for EUR 12 in "1991"), which fell sharply in 1991 as a result of spring frosts and/or heavy rainfall, increased by +30.4% to a level nearer the medium-term average. These increases (notably for apples, peaches and pears) were most dramatic in Luxembourg, Belgium and Germany (more than 100%) but were also significant in the other Member States. Variations in

(7) The difference (0.5% of final production) corresponds to "contract work at the agricultural production stage" (basically, new plantings of fruit trees and vines, though the figure can be negative for certain Member States) and a very low adjustment item for Spain and Italy.

(8) Fresh fruit in this report comprises citrus fruit, tropical fruit and table grapes.

real prices (-27.6% for EUR 12) more than balanced the changes in volumes in most cases, with the result that the real value of production fell in most Member States (except B, DK, D and L).

As was the case with fresh fruit, the production of **wine must and wine** (5.7% of final agricultural production for EUR 12 "in 1991") increased strongly in volume terms in 1992 (+22.8%), thereby returning to a more normal level after the harvest of 1991, which had been one of the poorest since 1981. The increase in production exceeded 30% in Germany, France and Luxembourg; Portugal was the only Member State to record a fall (-25.0%). Moreover, with stocks remaining high despite the low production in 1991 and with the continuing decline in direct human consumption, real prices fell in most producer countries (-14.2% for EUR 12). Therefore, after the steep decline in real value in 1991, wine was one of the few products whose value increased in real terms (+5.4%).

Table 2.4 **Variations in the volumes, prices and values of the main crop productions in the Community in 1992 by comparison with 1991 (in %)**

	Volume	Nominal price	Nominal value	Real price	Real value
Cereals	-6,3	-5,1	-11,1	-9,2	-14,9
Potatoes	10,6	-30,9	-23,6	-34,4	-27,4
Sugarbeet	9,1	-2,9	5,9	-7,1	1,3
Oil seeds	-7,3	-46,9	-50,8	-49,1	-52,8
Fresh vegetables	1,8	-8,6	-6,9	-13,3	-11,8
Fresh fruit (*)	30,4	-23,3	0,0	-27,6	-5,6
Grape must and wine	22,8	-10,4	10,0	-14,2	5,4
Olive oil	-9,5	-7,5	-16,3	-14,7	-22,8
Flowers and ornamentals	1,5	-0,4	1,1	-4,4	-3,0
Crop output	5,2	-10,8	-6,1	-15,2	-10,7

(*) Including citrus fruit, tropical fruit and grapes.

For **sugarbeet** (2.3% of final agricultural production in EUR 12 in "1991"), the increase in volume (+9.1% for EUR 12), common to all the producer countries in 1992, was caused by higher yields since the area under cultivation remained unchanged. The fall in real prices, which had slowed somewhat in 1991, picked up pace again in 1992 (-7.1%). However, this decline was less than the increase in volume, and the real value of production grew by +1.3%. Production of **potatoes** (2.2% of final agricultural production for EUR 12 in "1991") grew in 1992 by +10.6%, thanks to increases in the areas under cultivation and in yields (particularly in B and NL). The bumper harvest caused a decline of -34.4% in real prices, and -27.4% in real value.

The production of **oilseeds** (1.7% of final agricultural production for EUR 12 in "1991") fell in volume terms by -7.3% in 1992, mainly because of lower yields. However, the situation varies widely between the Member States (large falls in Denmark, Germany and France, a more modest decline in the United Kingdom and increases in Spain and Italy). Real prices fell sharply in 1992 in the wake of a new common organization of the market (-49.1% in real terms), which led to a collapse in the real value of production of -52.8% for EUR 12. It should be pointed out that compensation was paid for lower prices in the form of direct income supplements, which are accounted for in the item "Subsidies".

The production volume of **cereals** (11.2% of final agricultural production in EUR 12 in "1991") fell significantly in 1992 (-6.3% for EUR 12, the only notable increases being in France and, to a lesser degree, Italy), in the wake of a slight decrease in the areas under cultivation (increase in the areas under wheat, mainly at the expense of barley) and lower yields (drought in Denmark and Germany, but also in Portugal and Spain). Despite lower production, the structural imbalance of the cereals markets, the higher level of stocks and the freeze on nominal institutional prices (with an automatic decrease of 3% due to the stabilizer system) caused real prices to fall by -9.2% and, as a result, real value by -14.9%.

Following the major increase in the production of **olive oil** in 1991 (1.9% of final agricultural production in EUR 12 in "1991") and because of severe annual fluctuations connected with climatic and agronomic factors, production volume was down by -9.5% (major declines in Italy and Spain and a strong advance in Portugal). The fall in real prices (-14.7%), which was due to the abundant harvest in 1991, caused real value to decline by -22.8% on average.

For **fresh fruit** and **flowers and ornamental plants** (9.8% and 3.9% respectively of final agricultural production in EUR 12 in "1991"), the minor variations in volume terms at Community level in 1992 (+1.8% and +1.5% respectively) result from contrasting national developments. In the case of fresh fruit, for example, slightly reduced areas under cultivation and higher yields combined to produce smaller volumes in Denmark, Germany, Greece and Spain, but increases in the other Member States (most notably in the Benelux countries). In the case of flowers, production volume varied little in most Member States, the only notable exceptions being France and the United Kingdom, where volumes declined significantly, and Germany and the Netherlands, where increases were recorded.

The real prices of fresh vegetables decreased quite significantly in most Member States (-13.3% on average), leading to a fall in real value of -11.8%. The prices of flowers held up in nominal terms (-0.4%) but fell in real terms by -4.4%. Lastly, the developments in real values for 1992 as compared with the medium-term trends are mediocre for fresh vegetables and poor for flowers.

2.2.2 Animal production: overall, a similar picture of stagnating quantity and modest falls in prices

The most significant development in the animal production sector in 1992 was the fall in real prices (-2.2%), despite an increase in nominal terms (+2.3%). Unlike 1990 and 1991, this fall was less than the medium-term trend and meant that the real value of animal production fell by just -1.7%, since production volumes generally stagnated (+0.5%), in line with past trends.

The variations in the animal sector are much closer between countries than in the crop sector, both in terms of volumes and real prices (the difference in nominal prices is mainly caused by inflation) (see Table 2.5). Climatic fluctuations do not have any direct influence and the markets are normally more unified; the impact of the common organization of the market is quite marked for the main product (milk), and product structures are fairly similar from one country to another: the three principal types of animal production (milk, cattle, pigs) are the same in 11 of the Member States.

Table 2.5 Variations in volumes, prices and values of final animal production in the Community and in the Member States in 1992 by comparison with 1991 (in %)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
Volume	0,0	2,8	-2,9	0,9	0,2	2,5	3,1	-0,3	0,2	-0,1	2,5	1,9	0,5
Nominal price	2,3	2,7	2,6	12,3	1,1	0,8	3,8	1,9	1,1	1,9	-0,3	4,5	2,3
Nominal value	2,3	5,6	-0,4	13,2	1,3	3,3	7,0	1,6	1,3	1,8	2,1	6,5	2,8
Real price	-1,3	0,2	-2,2	-2,9	-4,9	-2,1	0,9	-3,1	-1,1	-0,8	-11,9	-0,1	-2,2
Real value	-1,2	3,0	-5,0	-2,0	-4,7	0,4	3,9	-3,5	-0,9	-0,9	-9,7	1,8	-1,7

The real value of animal production increased in four Member States (DK, F, IRL and UK), due to a higher production volume and a stagnation in real prices. In the eight other Member States, variations in the real value of animal production were close to the Community average: between -0.9% and -5.0%, except in Portugal, where real prices fell markedly. These real value variations have generally followed those of prices, since the volumes produced have hardly changed from 1991 in these eight countries.

An examination of the variations by product (see Table 2.6) shows that production volumes have increased for pigs, sheep, goats and poultry, remained steady for cattle and declined for milk and eggs. Real prices fell for most products but particularly for poultry and eggs. At Community level, these two developments more or less cancel each other out in the case of cattle, thus stabilizing real value. The real values for poultry, milk and eggs are on a clear decline, but are on an upward trend for pigs, sheep and goats.

Table 2.6 **Variations in volumes, prices and values of the main animal productions in the Community in 1992 by comparison with 1991 (in %)**

	Volume	Nominal price	Nominal value	Real price	Real value
Cattle (including calves)	0,5	3,5	4,0	-0,8	-0,2
Pigs	2,0	5,2	7,3	0,6	2,7
Sheep and goats	4,9	4,0	9,1	-2,6	2,1
Poultry	2,2	-0,8	1,4	-5,2	-3,2
Milk	-1,4	2,0	0,6	-2,3	-3,7
Eggs	-2,0	-5,1	-7,0	-9,8	-11,6
Animal output	0,5	2,3	2,8	-2,2	-1,7

The development of the production volume of **cattle** including calves (11.6% of final agricultural production in EUR 12 in "1991") was relatively contrasting throughout the Community, with declines in six Member States (B, D, GR, NL, P and UK) and increases in the six others. The main variations were in Germany (-8.6%) and France (+6.1%). In the Community as a whole, however, the increase in production volume in 1992 was little changed on the 1991 figure (+0.5%). Despite the surplus in the beef market (large number of slaughtering, stagnation in consumption), the high level of intervention stocks and exports, combined with the decline in production in certain Member States, enabled real prices to hold up fairly well (-0.8%), particularly in the first part of the year. In terms of real value, production declined (-0.2%) but at a slower rate than the long-term trend.

Pig production (10.7% of final agricultural production in EUR 12 in "1991") volume rose more sharply than cattle production in 1992 and in a more even fashion (+2.0% on average, with exceptional growth in Belgium, Denmark and France), which corresponds to the medium-term trend. With demand keeping pace, and following the restructuring of the market in the first part of the year, real prices remained stable (+0.6%), despite a decline at the end of the year. Greater volume and real prices caused the real value to increase by +2.7%.

As in 1991, the production of **sheep and goats** (2.0% of final agricultural production in EUR 12 in "1991") again increased (+4.9% for EUR 12) more strongly than for pigs and well above its own medium-term trend. This increase is mainly accounted for by the extraordinary figure for the United Kingdom (+28.5%), with modest increases in Spain and Greece somewhat compensating for the severe decline in France (-10.0%). In the wake of lower real prices (-2.6%), real value increased by +2.1%. Although this figure is well above the long-term trend, it breaks down extremely unevenly, with only the United Kingdom and Spain actually recording an increase.

The production of **poultry** (4.6% of final agricultural production in EUR 12 in "1991") continued to increase at the Community level (+2.2% in volume) and in most Member States. Prices fell in real terms (except in Denmark and Portugal) by -2.5% on average, despite higher consumption, resulting in a fall of -3.2% in real value.

Egg production (2.5% of final agricultural production in EUR 12 in "1991") fell in volume terms by an average of -2.0% in 1992, as a result of unchanged or lower production in the main producer countries. Real prices continued to fall (-9.8%), thereby reducing the real value of production by -11.6% for EUR 12.

The collection of **milk**, the prime agricultural product at Community level (16.2% of final agricultural production in EUR 12 in "1991"), fell by an average of -1.4% in 1992, the variations being very similar (from -1.7% to -0.6% for nine Member States, with a more severe fall in Spain, stabilization in Portugal and one single instance of growth in Ireland). This clearly results from the application of milk quotas (which remain unchanged for 1992/1993) and from the concomitant run-down of herds, although this has been partly offset by better yields. This reduction of production (but not of fat content, which is still excessive in view of the demand) helped nominal prices up +2.0%, although real prices fell by -2.3%. The result was a clear fall in the real value of production (-3.7% for EUR 12).

2.3 Intermediate consumption and gross value added at market prices

The nominal value of intermediate consumption by the Community's agricultural sector is believed to have risen by +1.2% in 1992, which is comprised of a +0.2% change in volume and +1.0% in prices. This increase in nominal prices was lower than overall inflation, however, and the real value of intermediate consumption is thought to have declined by -3.3% as a result of an average fall in real prices of -3.5% for EUR 12. Variations in values and prices in the Community as a whole were greater than those recorded during the previous decade.

Table 2.7 Changes in the volumes, prices, values and productivity of intermediate consumption and in the "price scissors" in the Community and in the Member States in 1992 over 1991 (in %)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
Volume	1,9	2,0	-1,3	2,0	2,6	0,6	-2,2	-0,7	0,9	1,1	-4,6	-1,1	0,2
Nominal price	0,0	1,0	2,0	13,8	1,0	-1,6	0,6	1,5	0,5	2,0	-3,6	2,5	1,0
Nominal value	1,9	2,3	0,7	16,1	3,6	-1,0	-1,6	0,8	1,5	3,2	-8,1	1,4	1,2
Real price	-3,5	-1,5	-2,8	-1,6	-5,0	-4,4	-2,2	-3,5	-1,6	-0,6	-14,8	-2,0	-3,5
Real value	-1,7	-0,2	-4,0	0,4	-2,6	-3,7	-4,4	-4,2	-0,7	0,4	-18,7	-3,0	-3,3
"Productivity"	6,7	-7,5	6,9	-0,3	-3,0	6,3	5,1	1,4	14,7	1,8	3,6	2,5	2,7
"Price scissors"	-9,0	0,3	-7,1	-10,5	-7,4	-8,0	2,3	-3,2	-5,5	-6,1	-4,9	-1,1	-5,5

Changes in the **volume** of intermediate consumption are fairly similar in all the Member States (see Table 2.7); indeed, in eleven cases the figures were in a band from -2.2% to +2.6%. As in 1991, there was a fairly steep fall in Portugal (-4.6%). Changes in the **prices** of intermediate consumption in real terms (comparisons based on nominal prices are of little relevance given the disparities in national inflation rates) break down by Member States along similar lines to volumes; they lie within a narrow band in eleven countries (between -0.6% and -5.0%). The exception was Portugal, which recorded a major fall of -14.8%.

Changes in the **real values** of intermediate consumption in nine Member States (between -0.2%) were also close to the Community average (-3.3%). The only increases were in Greece and the Netherlands (+0.4%) and there was a steep decline in Portugal (-18.7%).

A comparison of changes in intermediate consumption with those in final production gives a measurement of the productivity of intermediate consumption (volume ratio) and of the "price scissors" (nominal price ratio) in agriculture. Given that final production in 1992 was above the long-term trend and that intermediate consumption was more inert, it follows that the productivity of intermediate consumption should have improved somewhat in 1992.

The **productivity of intermediate consumption** rose by +2.7% at the Community level, although there were reductions in the two countries which recorded a lower production volume (Denmark and Spain) and in Greece, where the increase in the volume of intermediate consumption exceeded that of agricultural production. Once again, the exception was Portugal, where, despite a decline in production, a fall in the use of intermediate consumption meant that its productivity improved by +3.6%.

The **"price scissors"** deteriorated sharply (-5.5% in EUR 12), with fairly similar declines in ten Member States, ranging from -1.1% in the United Kingdom to -10.5% in Greece, but with improvements in Denmark and Ireland, where the real decline in producer prices was least pronounced.

Table 2.8 **Changes in volumes, prices and values of the main components of intermediate consumption in the Community in 1992 over 1991 (in %)**

	Volume	Nominal price	Nominal value	Real price	Real value
Energy and lubricants	-0,1	-0,9	-1,0	-5,8	-5,9
Fertilizers and soil improvers	-5,1	-2,2	-7,2	-6,5	-11,3
Feedingstuffs	1,3	1,1	2,5	-3,4	-2,1
Material, tools and repairs	1,2	4,3	5,5	-0,4	0,8
Intermediate consumption	0,2	1,0	1,2	-3,5	-3,3

Animal feedingstuffs are the main item of intermediate consumption in all Member States (38.7% of the total for EUR 12 in "1991"). Their use grew in volume terms in 1992 (by an average of +1.3%, but with falls in Germany, Ireland, Italy, Portugal and, most notably, Luxembourg), compared with a medium-trend for EUR 12 of +0.7% per annum. This increase was undoubtedly aided by the decline in average prices (-3.4% in real terms) and, in some cases, by the scarcity of fodder caused by the drought. The fall in the real value of animal feedingstuffs was -2.1% for EUR 12.

The use of **fertilizers and soil additives** (which accounted for 9.7% of intermediate consumption in EUR 12 in "1991"), fell sharply in 1992 (-5.1%) in all Member States except Greece and Luxembourg, thereby accelerating a trend which began five years ago and which may indicate a lasting change in farmers' behaviour. Fertilizer prices declined by -6.5% in real terms, with fairly similar changes in all Member States except Greece, which recorded an increase of +14.5%. The real value of fertilizers declined by -11.3% in the Community.

The volume of **energy and lubricants** consumed by the Community's agricultural sector (10.3% of intermediate consumption in EUR 12 in "1991") slipped by -0.1% in 1992 with national variations which were all close to the Community average (except in Portugal, where the fall was much greater), which was well below the medium-term trend. Prices fell quite sharply in real terms (-5.8%), and real value declined by -5.9%.

Purchases of **equipment and small tools** and **maintenance and repair costs** (12.2% of intermediate consumption in EUR 12 in "1991") increased by +1.2% in volume terms (with little variation between Member States, except Spain, which recorded a large increase and Portugal, where there was a very steep decline). Despite an increase of +4.3% in nominal prices, real prices retreated by -0.4% and real value rose by just +0.8%.

The increase in the nominal value of intermediate consumption (+1.2%) in 1992, combined with a fall in the nominal value of final production (-1.8%), caused average **gross value added at market prices** (GVAmp) to fall by -4.0% in the Community. In real terms, the value of intermediate consumption fell (-3.3%) by much less than final production (-6.3%), resulting in a marked decline of -8.7% in GVAmp. This downward trend, which was somewhat steeper than the medium-trend (-1.9% per annum on average over a ten-year period) was due to the combination of fairly poor production results (due to lower real prices) and a steady trend in intermediate consumption.

The change in gross value added at market prices varied considerably between Member States (see Table 2.9). It is essentially dictated by variations in final production and intermediate consumption, but is also affected by their relative size. Indeed, the importance of intermediate consumption can vary widely from one

Member State to another, depending on the main types of production and their intensiveness. For example, in "1991", the share of intermediate consumption in the value of final production was below 30% in Greece and Italy but about 50% in Belgium, Germany, Portugal and the United Kingdom. In the other Member States (DK, E, F, IRL, L and NL), this share was between 40% and 50% (the average for EUR 12 being 43.9%).

In 1992, gross value added at market prices grew in real terms in two Member States (Ireland and Luxembourg). These were the only two Member States to record an increase in the real value of agricultural production. Very severe falls were recorded in Portugal (-21.0%) and Spain (-20.4%), the countries which also saw the most dramatic falls in the real value of production. The eight other Member States (B, DK, D, GR, F, I NL and UK, where the rates of change varied between -0.3% and -13.6%) were closer to the average, and resembled each other in that the real falls in gross value added at market prices exceeded those in the value of final production (the sole exception being the United Kingdom).

Table 2.9 **Changes in gross value added at market prices, and in its volume and prices indices, in the Community and the Member States in 1992 over 1991 (in %)**

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
Volume	17,2	-13,4	13,1	1,7	-3,0	12,2	7,1	1,3	29,2	4,7	2,4	3,9	5,0
Nominal price	-18,7	2,4	-12,3	-1,8	-12,8	-15,3	4,3	-2,9	-8,9	-10,0	-12,8	0,3	-8,6
Nominal GVAmp	-4,7	-11,3	-0,8	-0,2	-15,4	-5,0	11,6	-1,7	17,7	-5,8	-10,6	4,3	-4,0
Real price	-21,5	-0,1	-16,4	-15,1	-18,0	-17,7	1,3	-7,7	-10,9	-12,4	-22,9	-4,1	-13,0
Real GVA mp	-8,0	-13,5	-5,4	-13,6	-20,4	-7,7	8,5	-6,5	15,2	-8,3	-21,0	-0,3	-8,7

2.4 Distributive transactions in the Community's agricultural sector

The nominal value of **subsidies** received by the Community's agricultural branch[9] grew in 1992 by +16.5% (see Table 2.10). This corresponds to a rise of +10.4% in real terms, which is high by comparison with the 10-year trend (+6.7 per annum). This increase had a significant effect on the income indicators at the Community level since the share of subsidies in GVAmp was 11.8% in "1991".

Table 2.10 **Nominal and real changes in subsidies, taxes linked to production, depreciation, rents, interest and compensation of employees in the Community in 1992 over 1991 (in %)**

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
Subsidies, nominal (*)	-3,6	180,5	21,4	15,9	28,2	37,9	21,2	7,0	-44,7	-9,1	32,1	-12,8	16,5
Subsidies, real (*)	-6,9	173,6	15,7	0,2	20,6	34,0	17,8	1,7	-45,8	-11,5	16,8	-16,6	10,4
Taxes l.p., nominal	-9,3	-17,3	-15,0	87,3	-3,7	-11,0	-13,2	10,0	-78,9	-1,3	-10,6	-37,3	-10,4
Taxes l.p., real	-12,4	-19,3	-18,9	62,0	-9,4	-13,5	-15,6	4,6	-79,4	-3,9	-21,0	-40,1	-13,6
Depreciation, nominal	2,0	1,4	5,0	3,6	-25,2	-1,0	0,0	1,5	3,6	4,0	-10,0	-2,5	-0,3
Depreciation, real	-1,5	-1,0	0,1	-10,4	-29,6	-3,8	-2,8	-3,5	1,4	1,3	-20,4	-6,8	-4,7
Rents, nominal	2,0	1,0	6,5	9,3	-5,6	0,7	-60,0	1,3	1,4	-3,0	-4,1	4,4	1,0
Rents, real	-1,5	-1,5	1,5	-5,4	-11,2	-2,1	-61,1	-3,7	-0,8	-5,6	-15,2	-0,2	-3,8
Interest, nominal	7,5	1,5	0,3	4,8	8,5	-0,2	-1,7	3,6	15,6	4,5	17,6	-16,1	1,8
Interest, real	3,8	-1,0	-4,4	-9,4	2,1	-3,0	-4,5	-1,5	13,1	1,7	4,0	-19,8	-3,0
Compensation, nominal	3,0	1,1	0,0	11,4	-6,9	3,0	1,1	10,2	4,7	7,5	3,8	1,4	4,5
Compensation, real	-0,6	-1,4	-4,7	-3,6	-12,4	0,1	-1,7	4,8	2,4	4,7	-8,2	-3,1	-0,3

(*) Including VAT over compensation. Depreciation for Italy estimated by Eurostat.

(9) See note(5) in this chapter on the definition of subsidies in the Economic Accounts for Agriculture. The data on subsidies published in this report include estimates of over-compensation of VAT in countries which operate a flat-rate compensation scheme. In order to measure annual changes in subsidies and taxes linked to production, it has to be borne in mind that the accounting year is the year of payment, which is not necessarily the period in which the corresponding debt arises.

The average trend in the Community conceals wide national disparities; in fact, not one Member State was close to the average in 1992. Subsidies stagnated in real terms in Greece and Italy, increased in Germany, Spain, France, Ireland and Portugal (between +15.7% and +34.0%) and nearly tripled in Denmark (where the level of subsidies is traditionally very low). By contrast, subsidies declined in Belgium, the Netherlands and the United Kingdom (between -6.9% and -16.6%) and particularly in Luxembourg (-45.8%), returning to more normal levels following the large increases in 1991 caused by drought and late frosts. It should be pointed out that part of the increase in subsidies in 1992 was accounted for by direct aid to farmers to compensate for lower support prices under the new common organization of the market for oilseeds.

Taxes linked to production fell again in 1992 in nominal terms (-10.4%) and in real terms (-13.6%). However, this large fall (the ten-year trend is +0.3% per annum in real terms) had only a modest impact on agricultural income, since taxes linked to production in "1991" accounted for only 2.1% of gross value added at market prices in the Community as a whole.

Once again, there were major differences between Member States, although these are not always significant, given the negligible importance of taxes linked to production in certain Member States, particularly in the four southernmost countries (GR, E, I and P), and, to a lesser extent, Belgium and Ireland. In all Member States except Greece and Italy, taxes linked to production declined in 1992. The large increase in Greece was a result of a new tax providing farmers with an insurance against climatic extremes and livestock diseases. Some of the decline in taxes linked to production in the 1992/93 season is accounted for by the discontinuation of the co-responsibility levy on cereals.

The balance of "net subsidies" (subsidies less taxes linked to production) was negative in Denmark (and deteriorating) and in the Netherlands (where it was improving). The balance was positive in 1992 in all other Member States (although it was very small in France) and was up on the previous year in all countries except the Netherlands. The result of these changes in subsidies and taxes linked to production was a fall in **gross value added at factor cost** of -6.5% in real terms (compared with -8.7% for **gross value added at market prices**).

The stagnation of nominal **depreciation**[10] corresponded to a fall of -4.7% in real terms. This runs counter to the trend of recent years (average nominal increases were close to the level of inflation) and is explained by major falls, for the second consecutive year, in Spain (-25.2%) and Portugal (-10.0%). Changes in the other Member States were fairly close to the Community average in real terms (despite slight increases in D, L and NL). In "1991", depreciation was equal to 23.5% of gross value added at market prices, but changes in 1992 were similar to changes in production and gross value added, with the result that depreciation had only a minor impact on agricultural income (**real net value added at factor cost** fell by -7.0%, compared with -6.5% for **gross value added at factor cost).** The impact varied from one Member State to another, however, depending on their rates of change and the relative importance of depreciation. Despite real depreciation falling (on average), it still had a depressing effect on income in most Member States (and on EUR 12 as a whole) except Spain, Portugal and the United Kingdom.

Rents are generally of little significance in the Community (3.7% of gross value added at market prices in "1991"). In nominal terms, they increased by an average of +1.0% throughout the Community, which corresponds to a fall of -3.8% in real terms. This decline, which is common to all the Member States except Germany, was particularly steep in Spain, Portugal, and, above all, Ireland. Nevertheless, these variations had only a very moderate impact on agricultural income (with the possible exception of Denmark).

(10) Changes in depreciation in Italy had to be estimated by Eurostat. The absolute level of depreciation in this country seems particularly high compared with that in the other Member States.

Interest payments are much more significant, accounting for 11.6% of gross value added at market prices in EUR 12 in "1991". They increased in 1992 by an average of +1.8% in nominal terms and fell by -3.0% in real terms (compared with a -0.5% annual average fall over a ten-year period). Because this fall was lower than that of production and value added, it contributed, albeit modestly, to a fall in total real net income (-7.8%, compared with -7.0% for net value added at factor cost). However, it should be pointed out that this negative impact may have been greater in Member States where interest rates have increased in real terms (most notably Portugal), particularly if they account for an important share of gross value added at market prices (as in the case of Denmark). The opposite is true of the United Kingdom, where interest payments, although very high, fell sharply in 1992 (-19.8% in real terms, thanks to lower interest rates).

The final cost item in the calculation of agricultural income is **compensation of employees**, whose share of gross value added at market prices reached 18.9% in EUR 12 in "1991" (and much higher in Italy and the United Kingdom), which means that it has a considerable influence on changes to Indicator 3. The movement in the compensation of employees in 1992 (-0.3% in real terms in EUR 12) was similar to that of previous years (annual average of -1.4% over a ten-year period), which is undoubtedly a result of the reduction in the agricultural workforce. This decrease, although much less marked than the declines in production and value added, led to a fall in real net family income (-10.6%) which was more pronounced than the fall in real total net income (-7.8%). Nevertheless, the effect of the compensation of employees on net family income was least favourable in Denmark (where family income now accounts for only a small share of the total), Italy and the Netherlands (real increases in the compensation of employees of +4.8% and +4.7% respectively), but was positive in the United Kingdom (where income increased while compensation paid fell).

2.5 The three Indicators of agricultural income in the Community in 1992

2.5.1 Real net value added in agriculture at factor cost, per annual work unit (Indicator 1)

Nominal net value added at factor cost (NVAfc) fell in 1992 by -2.0% for the Community as a whole after +4.7% in 1991), causing a more marked fall in real terms of - 7.0% (after -1.6% in 1991). As already explained, this development, which is far greater than the ten-year trend (-1.8% per year in real terms), results mainly from the decline in real prices (particularly in the crop sector), as well as changes in subsidies, taxes and depreciation, the effects of which more or less cancelled each other out (see para. 2.4).

There were of course wide variations between Member States. For example, real NVAfc went up in Ireland, Luxembourg and the United Kingdom (by +13.5%, +2.1% and +0.5% respectively - see Table 2.11). The decline is less than the Community average in Germany (-2.0%), France (-4.3%) and Italy (-6.5%), but more pronounced in the other Member States (B, DK, GR, E, NL and P; between -9.1% and -15.1%).

Calculating Indicator 1 for agricultural income involves relating these changes in real NVAfc to those of the **total agricultural labour input**. The latter, expressed in AWU, declined by -3.7% in the Community as a whole in 1992 (as in 1991, the ten-year trend being -3.1% per annum). This reduction is fairly even throughout the Community; the most striking reductions concerned Spain (-6.1%) and Portugal (-6.5%), which enabled some compensation for the lower NVAfc in these countries, whereas the Netherlands actually had an increase in its labour input (+0.9%). In the other Member States (B, DK, D, GR, F, IRL, I, L and UK), the falls were in a bracket between -1.7% to -4.5%).

Agricultural income as measured by Indicator 1 (real net value added at factor cost per annual work unit) is expected to have deteriorated by -3.5% at the Community level in 1992. This fall follows a rise in 1991 (+2.3%) and only slightly detracts from the excellent result in 1989 (+11.9%). On the basis "1985" = 100, Indicator 1 stands at 107.7 for EUR12.

Table 2.11 **Changes in the net value added of agriculture at factor cost, and calculation of Indicator 1 of agricultural income, in 1992 and 1991 in the Community and the Member States (in %).**

Member State	NVAfc nominal		Deflator (GDP price)		NVAfc real		Total labour input (in AWU)		Indicator 1 (real NVA/AWU)	
	91/90	92/91	91/90	92/91	91/90	92/91	91/90	92/91	91/90	92/91
B	-1,2	-5,8	3,1	3,6	-4,1	-9,1	-3,0	-4,0	-1,2	-5,3
DK	-8,2	-11,1	3,0	2,5	-10,8	-13,2	-2,6	-3,0	-8,4	-10,6
D	-6,9	2,8	4,6	4,9	-11,0	-2,0	-5,0	-4,4	-6,3	2,5
GR	42,9	1,4	15,9	15,6	23,2	-12,3	-2,0	-2,4	25,8	-10,1
E	0,2	-9,8	6,8	6,3	-6,2	-15,1	-8,0	-6,1	1,9	-9,6
F	-4,1	-1,6	3,3	2,9	-7,2	-4,3	-3,5	-3,5	-3,8	-0,9
IRL	-8,5	16,8	2,5	2,9	-10,7	13,5	-3,6	-2,6	-7,4	16,5
I	16,8	-1,6	7,3	5,2	8,8	-6,5	-2,9	-2,5	12,1	-4,1
L	-15,2	4,3	3,6	2,2	-18,1	2,1	-3,9	-4,5	-14,8	6,9
NL	2,8	-9,0	3,2	2,7	-0,5	-11,4	-0,3	0,9	-0,2	-12,1
P	3,4	-3,5	14,3	13,1	-9,5	-14,6	-1,0	-6,5	-8,6	-8,7
UK	0,1	5,2	6,7	4,6	-6,2	0,5	-3,2	-1,7	-3,1	2,2
EUR 12	4,7	-2,0			-1,6	-7,0	-3,7	-3,7	2,3	-3,5

This average change in agricultural income for the Community as a whole results from contrasting developments in the Member States. Whereas eight of them experienced falls of between -0.9% and -12.1%, the four others (UK, D, L and IRL) showed increases up to +16.5%.

In the seven following Member States, the falls in Indicator 1 are more pronounced than in the Community as a whole.

- **Netherlands** (-12.1% after -0.2% in 1991); the decline in the real value of final production, although less than the Community average, was not compensated for, in view of the rise of the real value of intermediate consumption, the lower subsidies, the greater level of depreciation and the only increase in the agricultural labour input in the Community;

- **Denmark** (-10.6% after -8.4% in 1991), the sharp fall in the real value of crop production (due to smaller volumes, particularly for oilseeds and cereals) which was not fully compensated by the higher real value of animal production. Together with a relative stagnation in real intermediate consumption value and real depreciation costs, this led to a fall in NVAfc, despite the considerable increase in subsidies;

- **Greece** (-10.1% after +25.8% in 1991); owing to the major falls in real prices (crop production: fresh fruit, oilseeds and olive oil) and despite a gain in volume terms (fresh fruit, oilseeds), the real value of final production fell considerably. Together with the slight increase in the real value of intermediate consumption, this led to a clear deterioration in NVAfc;

- **Spain** (-9.6% after +1.9% in 1991); following severe reductions in the real prices of some items of crop production (particularly fresh fruit, oilseeds, potatoes, cereals and wine), and of production volumes (cereals and olive oil), a limited drop in intermediate consumption, and despite greater subsidies and the significant new fall in depreciation and the agricultural labour input;

- **Portugal** (-8.7% after -8.6% in 1991); following poor harvests (cereals and wine) and severe falls in real prices (crop production, -26.6% but also animal production, -11.9%) and despite a substantial fall in the real value of intermediate consumption, increased subsidies, and a major decline in depreciation and in the agricultural labour input;

- **Belgium** (-5.3% after -1.2% in 1991); the fall in the real prices of crop production (potatoes, oilseeds, vegetables and fresh fruit) were partially compensated by much higher volumes (potatoes, vegetables and fresh fruit) and the stagnation in the volume of animal production;

- **Italy** (11) (-4.1% after + 12.1% in 1991); owing to the downswing in real prices affecting most products (cereals, oilseeds, wine, fresh fruit) and the stagnation in the volume of production.

On the other hand, Indicator 1 developed more favourably than the Community average in the following five Member States, and even reached a record level in Ireland:

- **France** (-0.9% after -3.8% in 1991); the reduction in the real price of crop production being compensated by the greater production volume (fresh fruit, wines and potatoes), the slight upswing in the real value of animal production and the far higher level of subsidies, whereas the labour input continues to fall steadily ;

- **United Kingdom** (+2.2% after -3.1% in 1991); the fall in the real price of crop production (root crops, oil seeds, fruit and fresh vegetables) being partially compensated by the rise in the real value of animal production (particularly sheep) and accompanied by a greater fall in intermediate consumption and depreciation costs;

- **Germany** (+2.5% after -6.3% in 1991); with volumes generally up (major upswing in crop production but fall in animal production), the plummeting of real prices (particularly crop production), "net subsidies" clearly upward and a major reduction in the agricultural labour input;

- **Luxembourg** (+6.9% after -14.8% in 1991); thanks to excellent harvests (fresh fruit and wine) which more than compensated for the unfavourable impact of lower real prices (crop production and milk) and the fall in "net subsidies", there also being a major reduction in the agricultural labour input;

- **Ireland** (+16.5% after -7.4% in 1991); stagnation of the real prices of animal production accompanied by an increase in the volume of production, a major rise in "net subsidies" and a fall in the real value of intermediate consumption and in depreciation.

2.5.2 Real net income from agricultural activity of the total labour input per annual work unit (Indicator 2)

For the Community as a whole, the nominal **net income from agricultural activity of the total labour input** fell by -2.8% in 1992 (after +5.1% in 1991), which is equivalent to -7.8% in real terms (after -1.3% in 1991). This decline was greater than the ten-year trend (-2.0% per year in real terms), and a little more marked than that of NVAfc, due, as explained above (see para 2.4), to the insufficient reduction in real interest payments.

As with NVAfc, only Luxembourg, the United Kingdom and Ireland showed an increase in the real net income of the total labour input (between +0.8% and +16.5%) (see Table 2.12). The decreases were close to the Community average in Italy and France (-7.1% and -4.6% respectively), lower in Germany (-1.8%) but more pronounced in the other Member States (B, GR, NL, E, P and DK: between -11.9% and -30.4%).

By relating these changes in real income to those of the total labour input measured in annual work units (already commented on in para 2.5.1), we obtain **agricultural income indicator 2**, which fell in 1992 for the Community as a whole by -4.3% (after +2.5% in 1991). The fall is thus somewhat more marked than that of Indicator 1. Taking the base "1985" = 100, Indicator 2 thus stands at 106.9 for EUR 12.

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(11) For Italy, the changes in depreciation are estimated by Eurostat.

Table 2.12 **Changes in net agricultural income of total labour input, and calculation of Indicator 2 of agricultural income in 1992 and 1991, in the Community and the Member States (in %)**

Member State	Nominal net total income		Deflator (GDP price)		Real net total income		Total labour input (in AWU)		Indicator 2 (real NTI/AWU)	
	91/90	92/91	91/90	92/91	91/90	92/91	91/90	92/91	91/90	92/91
B	-1,9	-8,7	3,1	3,6	-4,8	-11,9	-3,0	-4,0	-1,8	-8,2
DK	-18,0	-28,7	3,0	2,5	-20,4	-30,5	-2,6	-3,0	-18,3	-28,3
D	-9,6	3,0	4,6	4,9	-13,6	-1,8	-5,0	-4,4	-9,0	2,7
GR	42,8	0,9	15,9	15,6	23,2	-12,7	-2,0	-2,4	25,7	-10,6
E	-1,7	-13,3	6,8	6,3	-8,0	-18,4	-8,0	-6,1	0,0	-13,1
F	-5,5	-1,9	3,3	2,9	-8,5	-4,6	-3,5	-3,5	-5,1	-1,2
IRL	-8,8	19,9	2,5	2,9	-11,0	16,5	-3,6	-2,6	-7,7	19,6
I	19,4	-2,3	7,3	5,2	11,3	-7,1	-2,9	-2,5	14,6	-4,7
L	-19,2	3,0	3,6	2,2	-22,0	0,8	-3,9	-4,5	-18,8	5,5
NL	2,2	-12,4	3,2	2,7	-1,0	-14,7	-0,3	0,9	-0,7	-15,4
P	1,4	-8,4	14,3	13,1	-11,3	-19,0	-1,0	-6,5	-10,4	-13,4
UK	4,2	9,7	6,7	4,6	-2,4	4,9	-3,2	-1,7	0,9	6,7
EUR 12	5,1	-2,8			-1,3	-7,8	-3,7	-3,7	2,5	-4,3

The changes in 1992 by Member State are fairly close to those already commented on for Indicator 1, though it may be noted that they are generally more pronounced, as is the case every year, and have the same mathematical sign (see note 6 above). There was nevertheless one exception in 1992: Indicator 2 in Luxembourg (+5.5%) went up by less than Indicator 1 (+6.9%) due to the considerable increase in real interest payments (+13.1%). It is also interesting to note that the gap between the two indicators is particularly large in Denmark (-29.6% as opposed to -10.6%), due to the considerable weight of interest payments in agricultural income, and to a lesser extent in Portugal (-13.4% as opposed to -8.7%) and in the United Kingdom (+6.7% as opposed to +2.2%) due to the interest charges, the variation being very different to that of NVAfc (upward and downward respectively).

2.5.3 Real net income from agricultural activity of family labour input, per annual work unit (Indicator 3)

For the Community as a whole, the **net income from agricultural activity of family labour input** fell in nominal terms in 1992 by -5.5% (after +5.2% in 1991) and by -10.6% in real terms (after -1.4% in 1991). This decline is therefore more pronounced than that of the two other aggregates of agricultural income and is clearly further from the medium-term trend (-2.2% in real terms as an annual average over ten years). It can be explained by the insufficient decline in compensation of employees in real terms (see para 2.4 above).

Again, the only positive changes in real terms for 1992 were to be found in Luxembourg, the United Kingdom and Ireland (+0.7%, +10.4% and +18.7% respectively). The declines are fairly close to the Community average in France, Belgium, Greece and Italy (between -5.9% and -15.5%), less marked in Germany (-1.0%) and much higher in the Netherlands, Portugal and Denmark (between -20.8% and -54.4%).

Whereas the first two indicators reflect the income of all persons occupied in agriculture, Indicator 3 covers only the **family labour input** (the operator and members of his family working on the holding), since the compensation of employees has been deducted. The family labour input, measured in AWU, fell in 1992 by -3.7% in the Community as a whole (after -4.0% in 1991, the ten-year trend being -3.4% per annum). The only increase was for the Netherlands (+0.2%). The greatest falls were in Italy (-5.6%) and in Portugal

(-7.5%), with the lowest in Greece (-0.7%) and the United Kingdom (-0.8%). The other Member States (B, DK, D, E, F, IRL and L) recorded drops ranging from -2.4% to -4.6%.

Agricultural income indicator 3 fell by -7.1% for the Community as a whole, in 1992 (after +2.7% in 1991 and -5.4% in 1990), this being 3.6 percentage points more than for Indicator 1. Taking the base year "1985" = 100, Indicator 3 thus stands at a level of 104.4 for EUR 12.

If the changes in the indicators are compared amongst the Member States, it may be observed that Indicator 3 varies more strongly than Indicator 2, the differences between countries being therefore all the more marked (from +21.9% to -54.9%). In fact, changes with the same mathematical sign but more marked than those of Indicator 2 can be seen in eleven Member States, the differences being particularly striking in Denmark and Italy in the negative sense, and Indicators 2 and 3 developing in the same way in Luxembourg.

Table 2.13 **Changes in the net agricultural income of family labour input, and calculation of Indicator 3 of agricultural income in the Community and the Member States in 1992 and 1991 (in %)**

Member State	Nominal net total income		Deflator (GDP price)		Real net total income		Total labour input (in AWU)		Indicator 2 (real NTI/AWU)	
	91/90	92/91	91/90	92/91	91/90	92/91	91/90	92/91	91/90	92/91
B	-1,9	-8,7	3,1	3,6	-4,8	-11,9	-3,0	-4,0	-1,8	-8,2
DK	-18,0	-28,7	3,0	2,5	-20,4	-30,5	-2,6	-3,0	-18,3	-28,3
D	-9,6	3,0	4,6	4,9	-13,6	-1,8	-5,0	-4,4	-9,0	2,7
GR	42,8	0,9	15,9	15,6	23,2	-12,7	-2,0	-2,4	25,7	-10,6
E	-1,7	-13,3	6,8	6,3	-8,0	-18,4	-8,0	-6,1	0,0	-13,1
F	-5,5	-1,9	3,3	2,9	-8,5	-4,6	-3,5	-3,5	-5,1	-1,2
IRL	-8,8	19,9	2,5	2,9	-11,0	16,5	-3,6	-2,6	-7,7	19,6
I	19,4	-2,3	7,3	5,2	11,3	-7,1	-2,9	-2,5	14,6	-4,7
L	-19,2	3,0	3,6	2,2	-22,0	0,8	-3,9	-4,5	-18,8	5,5
NL	2,2	-12,4	3,2	2,7	-1,0	-14,7	-0,3	0,9	-0,7	-15,4
P	1,4	-8,4	14,3	13,1	-11,3	-19,0	-1,0	-6,5	-10,4	-13,4
UK	4,2	9,7	6,7	4,6	-2,4	4,9	-3,2	-1,7	0,9	6,7
EUR 12	5,1	-2,8			-1,3	-7,8	-3,7	-3,7	2,5	-4,3

3 CHANGES IN AGRICULTURAL INCOME IN THE MEMBER STATES IN 1992 OVER 1991

3.1 Belgium

For the third consecutive year agricultural income in Belgium is estimated to have declined, and in **terms** of Indicator 1 at a rate (-5.3%) slightly stronger than the Community average (-3.5%). Despite these recent falls, the overall level of the Indicator 1 index is still +4.6% above that of the base year in 1992.

The principal reason for this year's downward change is that the increase in the volume of crop products (+23.6%) was more than counterbalanced by the slide in real prices (-27.1%), so that the real value of crop production was -9.8% down on the previous year. However, this was little different from the situation for the Community average (-10.7%). As last year, what distinguished Belgium from other Member States, and compounded the negative impact on agricultural incomes, was another large reduction in real subsidies (-6.9% as against EUR 12: +10.4%) and rising real interest payments (+3.8% as against EUR 12: -3.0%).

Table 3.1 Changes in the major items of the income calculation for agriculture in Belgium, % change in 1992 over 1991

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)
Final crop output	**23,6**	**-24,4**	**-27,1**	**-6,6**	**-9,8**
Potatoes	30,0	-57,1	-58,6	-44,3	-46,2
Sugar beet	2,2	-2,9	-6,3	-0,8	-4,2
Fresh vegetables	9,0	-17,7	-20,5	-10,3	-13,4
Fresh fruit (**)	164,0	-52,3	-54,0	25,9	21,5
Final animal output	**0,0**	**2,3**	**-1,3**	**2,3**	**-1,2**
Cattle	-6,2	6,2	2,5	-0,4	-3,9
Pigs	5,0	2,6	-1,0	7,7	3,9
Milk	-1,0	2,0	-1,5	1,0	-2,5
Final output	**8,7**	**-9,0**	**-12,1**	**-1,1**	**-4,5**
Intermediate consumption	**1,9**	**0,0**	**-3,5**	**1,9**	**-1,7**
Gross value added at m.p.	**17,2**	**-18,7**	**-21,5**	**-4,7**	**-8,0**
Subsidies				-3,6	-6,9
Taxes linked to production				-9,3	-12,4
Depreciation				2,0	-1,5
Net value added at f.c.				**-5,8**	**-9,1**
Rent				2,0	-1,5
Interest				7,5	3,8
Net income of total labour				**-8,7**	**-11,9**
Compensation of employees				3,0	-0,6
Net income of family labour				**-10,0**	**-13,1**

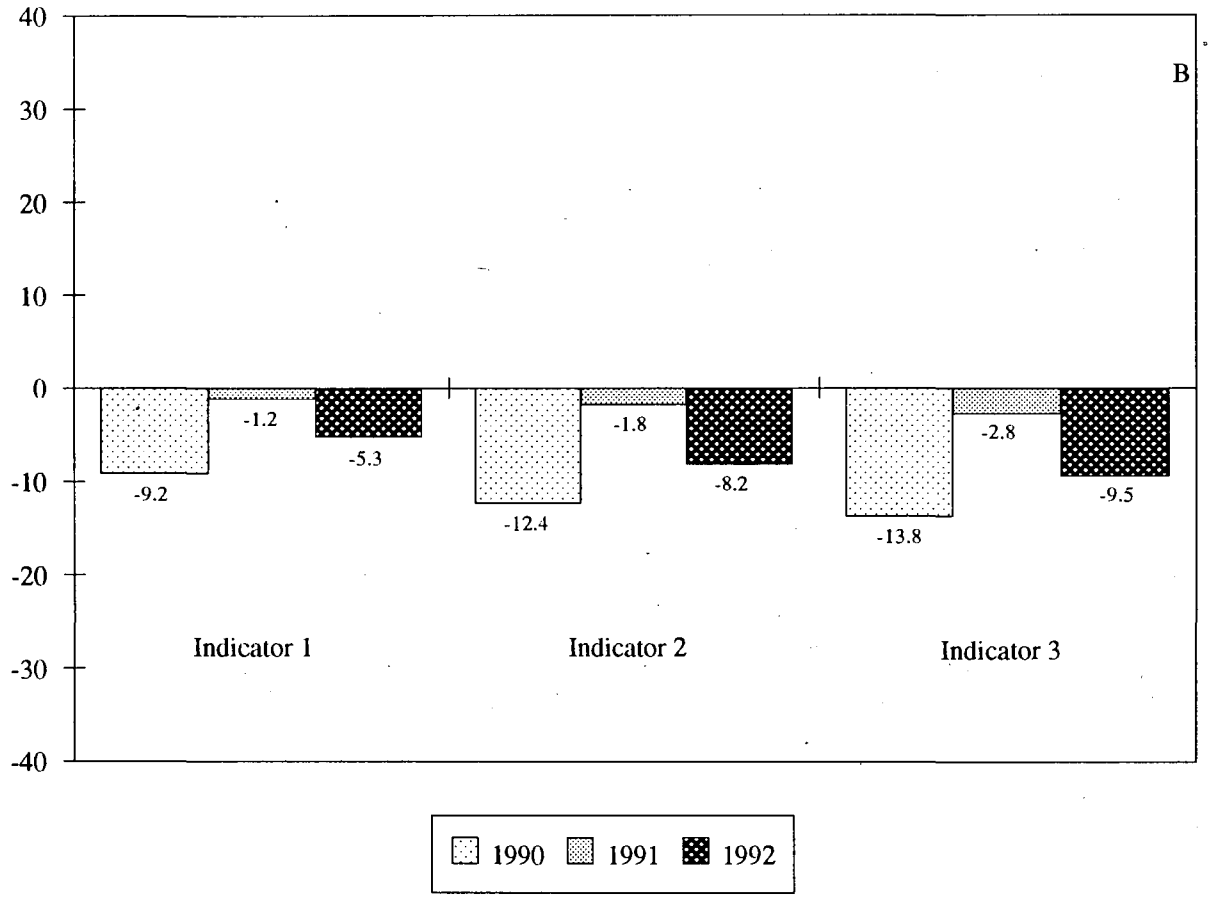
(*) The deflator is the implicit price index of GDP at market prices, + 3.6 %.
(**) Including grapes.

The real value of final animal production, which represents nearly two-thirds of final production, remained relatively stable (-1.2%) as the volume remained constant and the real price dipped slightly (-1.3%). The volume of milk produced was relatively unchanged (-1.0%) in 1992, although this hides the fact that in the first half of the year deliveries to Belgian dairies were well down on levels in the equivalent 1991 period but subsequently recovered in the last six months. Accompanied by a lower real price (-1.5%), the real value of milk production decreased -2.5%. The increase in the real value of pig production (+3.9%) was comprised of a volume increase (+5.0%), reflecting the continuing expansion of the pig herd for increased export demand, and a slight decline in the real price (-1.0%) as the higher prices obtained earlier in the year were outweighed by larger reductions from autumn onwards. The volume of cattle production decreased by the second largest amount in the Community (-6.2%), but because the rise in the real price (+2.5%) could not fully compensate, the real value of cattle production fell -3.9%.

Belgium experienced the largest rise in the volume of crop products (+23.6%) in the Community (EUR 12: +5.2) thanks not only to better yields, recovering from the spring frosts of the previous year, but also to the large expansion of the area planted with fresh fruit in the recent past. Unsurprisingly, the real price of fresh fruit (-54.0%) and final crop production (-27.1%) plummeted. The higher production volumes for vegetables (+9.0%) and root crops (+15.4%) in part reflected the improved climatic conditions, but much larger real price reductions (-20.5% and -34.4% respectively) resulted in falls in the real values, by -13.4% for vegetables and -24.2% for root crops.

The volume of intermediate consumption rose +1.9%, particularly due to the increase in the use of feedingstuffs (+5.0%), but by less than the increase in final production, which is reflected in its improved productivity (+6.7%). The nominal price of intermediate consumption was no different from the year before, but as the nominal price of final production was -9.0% lower, the "price scissors" deteriorated (-9.0%). Although real taxes on production were down -12.4%, this benefit to farmers' incomes was undone by the -6.9% fall in the level of real subsidies. With real depreciation falling -1.5%, net value added at factor cost was -9.1% down on the previous year.

Graph 3.1 **Evolution of the three income indicators for Belgium in 1990, 1991 and 1992 (Changes in %)**



Real interest payments continued to rise (+3.8%), and with the real rental payments only marginally decreasing (-1.5%) and wages remaining relatively constant (-0.6%), the real net income of family labour input fell (-13.1%). The decline in the agricultural labour input (-4.0%), which was a little larger than that of previous years, somewhat cushioned the fall in the income Indicators:

Indicator 1: -5.3% (1991 -1.2%)

Indicator 2: -8.2% (1991 -1.8%)

Indicator 3: -9.5% (1991 -2.8%)

3.2 Denmark

Agricultural income in Denmark, as measured by Indicator 1, is expected to decline by -10.6% in 1992, the third consecutive year in which a steep fall has been recorded, and the second biggest decrease in the Community (EUR 12: -3.5%). This would result in Denmark's Indicator 1 index being further adrift from that of any other Member State, at a level -23.4% down on the base year(1).

This loss in income is predominantly the result of a lower crop production volume (-22.0%) caused by the summer drought. Rather than compensating for this decline, the real price for crop products accentuated the negative effect on real value by decreasing -4.7%. The resultant fall in the real value of crop production (-25.7%) was only partly offset by the rise in the real value of animal production (+3.0%) and the huge jump in crop subsidies, which increased over twenty-seven-fold because of the new oilseeds regime. Total final output volume was -5.6% down on the previous year and with real prices also lower (-1.2%), the real value of final output decreased strongly (-6.7%).

Table 3.2 Changes in the major items of the income calculation for agriculture in Denmark, % change in 1992 over 1991

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)
Final crop output	**-22,0**	**-2,4**	**-4,7**	**-23,8**	**-25,7**
Cereals	-37,0	6,3	3,7	-33,0	-34,7
Oil seeds	-46,0	-50,0	-51,2	-73,0	-73,7
Flowers	1,0	-4,0	-6,3	-3,0	-5,4
Final animal output	**2,8**	**2,7**	**0,2**	**5,6**	**3,0**
Cattle	2,0	0,0	-2,4	2,0	-0,5
Pigs	7,0	6,8	4,2	14,2	11,4
Milk	-1,0	-2,2	-4,6	-3,2	-5,6
Final output	**-5,6**	**1,3**	**-1,2**	**-4,4**	**-6,7**
Intermediate consumption	**2,0**	**1,0**	**-1,5**	**2,3**	**-0,2**
Gross value added at m.p.	**-13,4**	**2,4**	**-0,1**	**-11,3**	**-13,5**
Subsidies				180,5	173,6
Taxes linked to production				-17,3	-19,3
Depreciation				1,4	-1,0
Net value added at f.c.				**-11,1**	**-13,2**
Rent				1,0	-1,5
Interest				1,5	-1,0
Net income of total labour				**-28,7**	**-30,5**
Compensation of employees				1,1	-1,4
Net income of family labour				**-53,2**	**-54,3**

(*) The deflator is the implicit price index of GDP at market prices, + 2.5 %.

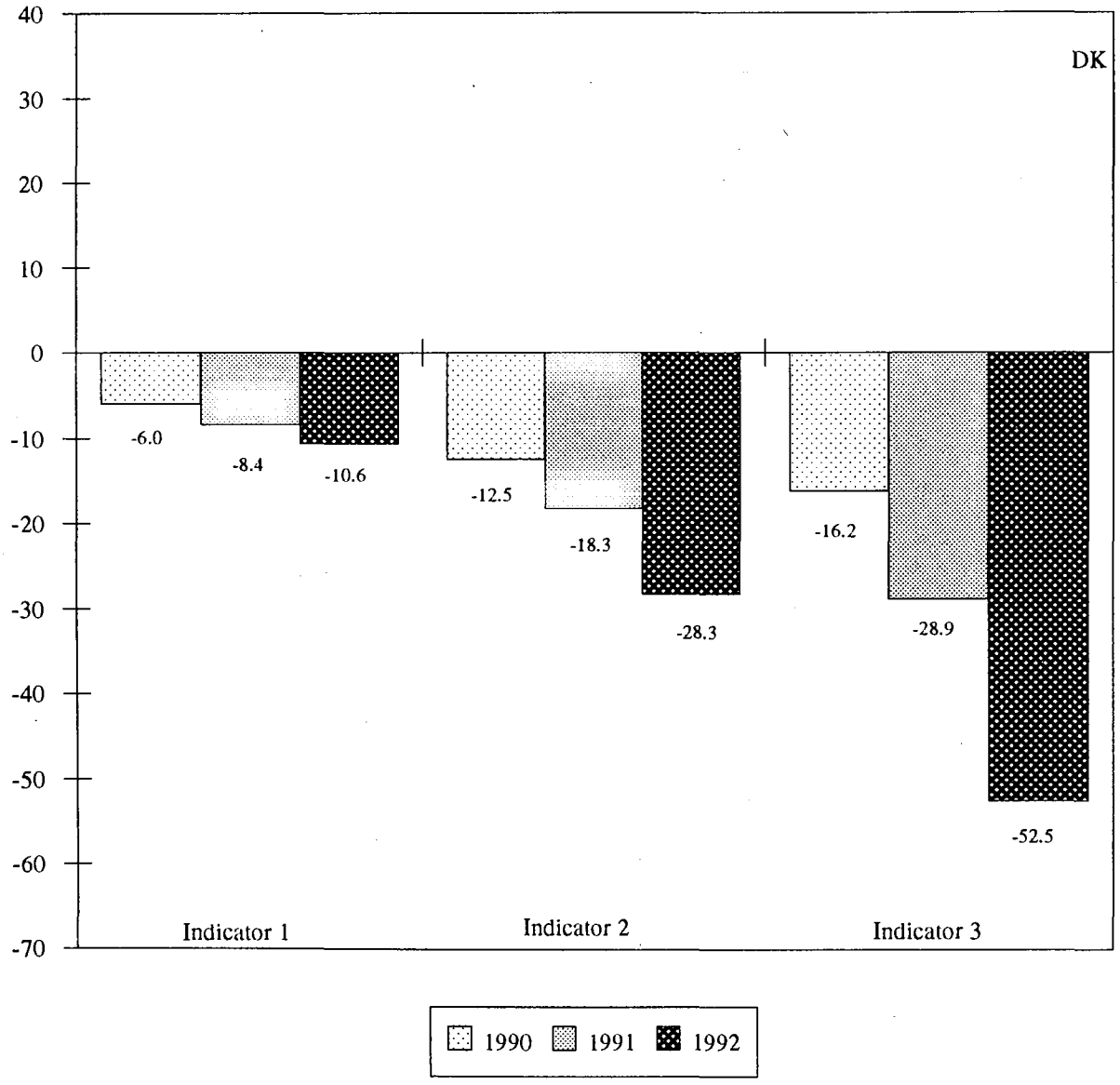
The greatest decline in real value loss for any crop product was that of oilseeds (-73.7%), for which changes to the Community regime affected both the real price (-51.2%) and the production volume, which also plummeted (-46.0%) under the harsh climatic conditions. However, this real value loss was similar to the general pattern in the Community (-52.8%). The weather also severely reduced the volume of cereals

(1) In the case of Denmark, the three years associated with the "1985" base had no "smoothing" effect, since all three years were exceptional.

produced (-37.0%) and particularly barley (-78.0%), although this was hardly counterbalanced by the change to real prices (+3.7%).

In contrast to crop production, there was relative stability in the animal production market, with the real price holding steady (+0.2%) and the volume of production expanding (+2.8%). Much of the increase in the real value of pigs (+11.4%) was offset by the reduction in the real value of milk (-5.6%). Pig production volume rose +7.0% and this was accompanied by a higher real price (+4.2%) originating from strong demand made for fresh, chilled or frozen meat in the first months of the year by France and Germany in particular. The volume of milk produced did not quite reach quota levels and was down by -1.0%, whilst the real price fell -4.6%. The real value of cattle production remained relatively constant (-0.5%) as the small rise in production volume (+2.0%) was matched by a similar fall in the real price (-2.4%).

Graph 3.2 **Evolution of the three income indicators for Denmark in 1990, 1991 and 1992 (Changes in %)**



The nominal price for intermediate consumption increased (+1.0%) at much the same rate as that for total final output (+1.3%) and the "price scissors" remained relatively unchanged (+0.3%).The rise in the volume

of intermediate consumption (+2.0%) was exclusively due to the jump in the use of feedingstuffs (+6.0%) used in particular for the greater pig herd numbers and as a direct result of the drought. With the volume of total final output falling (-5.6%), the productivity of intermediate consumption decreased -7.5%. The Danish markets for services and materials remained stable, with the real values for both remaining relatively constant. In contrast, the real values for energy (-8.3%) and fertilizers (-9.1%) were much lower than the previous year principally due to the real prices (-8.3% and -6.3% respectively), affected by the summer drought in the case of energy and on-going environmental policies concerning fertilizer use.

The +173.6% increase in the level of real subsidies, due to the new oilseeds regime, and the -19.3% reduction in the level of real taxes, resulting from lower co-responsibility levies on cereals, in part compensated for the price difficulties experienced. There were small decreases in the real values of depreciation (-1.0%), rent (-1.5%), interest payments (-1.0%) and compensation of employees (-1.4%). With the total agricultural labour input down by -3.0% and that of the family by -4.0%, the following changes to the Indicators were observed:-

Indicator 1: -10.6% (1991: -8.4%)

Indicator 2: -28.3% (1991: -18.3%)

Indicator 3: -52.5% (1991: -28.9%)

The greater fall in Indicator 2 relative to Indicator 1 was not due to changes in interest payments or rent. It was predominantly a result of the removal of interest payments from the calculation of Indicator 2, which are of an inherently high absolute level in comparison to net value added at factor cost. The same principle occurred in the difference between Indicators 2 and 3, on the removal of an almost constant yet relatively high absolute figure for compensation of employees, compared to the residual figure for net income of family labour.

3.3 Germany

Following sharp declines in agricultural income per AWU in the Federal Republic of Germany(2) in 1990 and 1991 (Indicator 1: -11.0% and -6.3% respectively), an increase of +2.5% is expected for 1992 in real terms. After Ireland and Luxembourg this is the third highest rise in the Community and is well above the EC average of -3.5%. The rise in income can be attributed principally to the interplay between the following factors:

- a drop in the real value of crop and animal production of -4.1% and -5.0% respectively,
- a fall of -4.0% in the real value of intermediate consumption,
- a clear increase in subsidies (+15.7% in real terms), while taxes linked to production declined by -18.9% in real terms,
- a decrease in both the total labour input and family labour input of -4.4% in each case.

The estimated fall in the real value of crop production (-4.1%) resulted from the collapse in real prices (-19.8%). This could not be totally offset by the substantial rise of +19.5% in the volume of crop production. Despite a lower cereal harvest (-6.0%), real cereal prices also fell, by -6.2%, resulting in an -11.9% reduction in real terms in the value of cereal production. The volume of potato and sugar beet production rose by +5.8% and +5.2% respectively after the production decline in 1991 (-3.2% and -14.9% respectively) caused by unfavourable weather conditions . Higher volumes of potatoes and sugar beet, combined with a real price falls of -30.7% and -8.5% respectively, led to a decline in real production values (-26.7% and -3.8% respectively). The collapse in the value of oilseeds production is expected to be far more drastic, estimated at -66.4% in real terms in 1992. The reason for this enormous drop lies partly in the production volume decline of -22.1%, mainly as a result of unfavourable weather conditions and the reduction in the

area under winter rape. In addition, prices fell by -56.9% in real terms, although the sharp reduction in oilseeds producer prices led to the payment of premiums not linked to production.

Table 3.3 Changes in the major items of the income calculation for agriculture in Germany, % change in 1992 over 1991

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)
Final crop output	**19,5**	**-15,8**	**-19,8**	**0,6**	**-4,1**
Cereals	-6,0	-1,6	-6,2	-7,5	-11,9
Potatoes	5,8	-27,3	-30,7	-23,1	-26,7
Sugar beet	5,2	-4,0	-8,5	1,0	-3,8
Oil seeds	-22,1	-54,8	-56,9	-64,8	-66,4
Fresh fruit	141,8	-35,0	-38,0	57,2	49,9
Wine	32,7	-20,0	-23,8	6,1	1,2
Final animal output	**-2,9**	**2,6**	**-2,2**	**-0,4**	**-5,0**
Cattle	-8,6	5,7	0,8	-3,4	-7,9
Milk	-1,7	1,8	-3,0	0,0	-4,7
Final output	**5,5**	**-5,2**	**-9,6**	**0,0**	**-4,7**
Intermediate consumption	**-1,3**	**2,0**	**-2,8**	**0,7**	**-4,0**
Gross value added at m.p.	**13,1**	**-12,3**	**-16,4**	**-0,8**	**-5,4**
Subsidies				21,4	15,7
Taxes linked to production				-15,0	-18,9
Depreciation				5,0	0,1
Net value added at f.c.				**2,8**	**-2,0**
Rent				6,5	1,5
Interest				0,3	-4,4
Net income of total labour				**3,0**	**-1,8**
Compensation of employees				0,0	-4,7
Net income of family labour				**3,8**	**-1,0**

(*) The deflator is the implicit price index of GDP at market prices, + 4.9 %.

Fresh fruit production increased by about +141.8% following a sharp decline in the previous year (-38.1%) due to the harsh weather conditions, with the result that despite falling real prices (-38.0%) the value of fruit production rose by +49.9% in real terms. Once again, wine production increased in volume in 1992 (+32.7%). The imbalance between supply and demand for wine led to a price drop of -23.8% in real terms, with the result that the real value of wine production increased by only +1.2%.

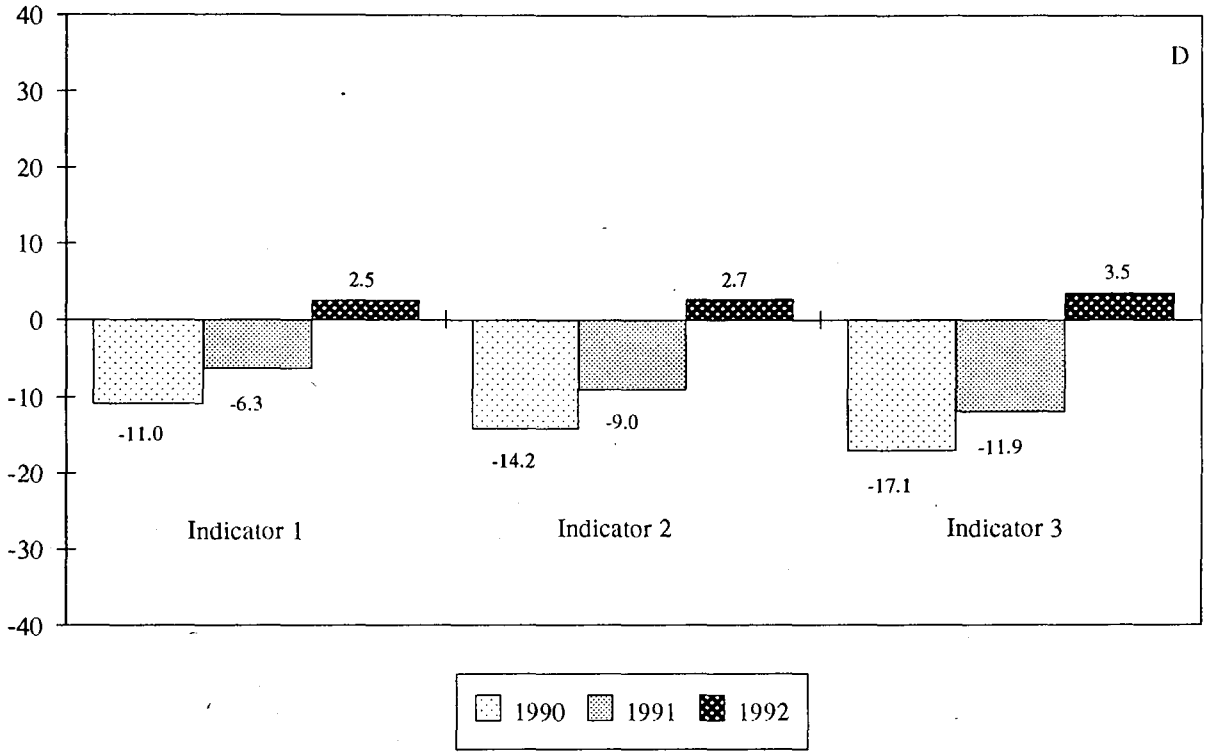
Animal production declined both in volume (-2.9%) and in real price (-2.2%) terms, with the result that the value of final animal production fell by -5.0% in real terms. In the case of milk production the negative development of the previous year continued. A declining production volume (-1.7%) and a price drop of -3.0% in real terms caused the real value of milk production to decline by -4.7%. Following the sharp drop in real cattle prices in 1991, and with a production volume decline of -8.6% in 1992, cattle prices increased by only +0.8% in real terms in 1992. This resulted in a reduction in the real value of cattle production (-7.9%). As a result of falling real pig prices (-1.9%) and a slight decline in production volume (-0.8%), the value of pig production fell by -2.6% in real terms.

The decline in the real value of intermediate consumption recorded in the previous year continued (-4.0%), with both the volume and the real prices of intermediate consumption declining (-1.3% and -2.8% respectively). The main reasons were lower consumption and real prices of fertilizers (-5.0% and -8.5% respectively), energy (-0.5% and -5.6% respectively), feedingstuffs (-2.0% and -2.8% respectively) and plant protection products (-2.0% and -4.7% respectively). It is estimated that the gross value added at market prices fell by -5.4% in real terms, which is less than the EC average of -8.7%. In contrast to the trend in the previous two years, the productivity of intermediate consumption rose by +6.9%, while the "price scissors" widened by -7.1% to the detriment of German agriculture.

The value of subsidies paid to agriculture in the Federal Republic of Germany rose by +15.7% in real terms in 1992 (1991: -8.5%), which can be attributed to the increase of the socio-structural income payments

replacing the income compensation under the VAT regime, which was phased out because of the ending of the EC authorization on Dec. 3rd 1991. The new market regimes for important oilseeds has also led to an increase in direct subsidies. Taxes linked to production again declined (-18.9%) mainly due to the cessation of the co-responsibility levy for cereals, with the result that gross value added at factor cost declined by -1.2% in real terms compared with 1991. While depreciation and rents rose slightly (+0.1% and +1.5% respectively), real interest payments fell by -4.4% because of a decrease in the amounts of credits received. The net income of the total labour force fell by -1.8% in real terms.

Graph 3.3 **Evolution of the three income indicators for Germany in 1990, 1991 and 1992 (Changes in %)**



As in 1991, compensation of employees fell by -4.7% in real terms due to the decreased input of outside labour (-4.4%), with the result that the net income of family labour fell by only -1.0% in real terms. The decline in the net income of family labour in the FR of Germany was thus substantially below the Community average (-10.6%). With the decreased input of total labour and of family labour (-4.4% in each case), which points to a significant ongoing change, the development of the three indicators was as follows:

Indicator 1: +2.5% (1991: -6.3%)

Indicator 2: +2.7% (1991: -9.0%)

Indicator 3: +3.5% (1991: -11.9%).

Comment: the agricultural situation in the new Länder

A number of problems occur in determining value added in East German agriculture. Firstly, the information formerly obtained by the State authorities in the ex-GDR, and expressed in "marks", can hardly be compared with that collected from July 1990. Secondly, the statistical system had to be completely reconstructed after unification, and provisional estimates still have to be used for numerous elements of the Economic Accounts for Agriculture. For these reasons, and because the situations are currently still very

different in the old and new Länder, an attempt is being made to construct separate overall accounts for a transitional period. Most of the following information is based on estimates made by the Institut für Agrarpolitik, Marktforschung Und Wirtschaftsoziologie of the University of Bonn, which is carrying out studies on behalf of the Federal Ministry for Food, Agriculture and Forestry. The available data from official statistics are supplemented by results of actual holdings and by model calculations. As data cannot be determined for individual calendar years, the following refers to the financial years 1991/92 and 1992/93.

New Länder 1991/92

***Agricultural incomes** in the new Länder are estimated to have changed little from the previous year in 1991/92.*

***Final production value** amounted to around DM 12 400 million in the 1991/92 financial year, the decline over the previous year (DM 13 000 million) being mainly due to developments in animal production. Livestock herds had been reduced considerably in the 1990/91 and were run down even further in the past financial year though to a lesser extent; in some cases, this trend has now come to a halt. The quantities sold fell considerably as a result of the lower production capacities. However, prices were usually higher than in the previous year as they drew closer to the level of the former Federal territory and even exceeded it in some cases. Revenue from the sales of animal products was nevertheless far lower than in the previous year, due to the quantity restrictions. Taking into account the reduced run-down of stocks, the production value for animal products was a good DM 500 million under the figure for the previous year.*

There were higher production values for some crop products, particularly cereals and oilseeds, mainly because the quantities sold increased. On the other hand, harvest conditions caused a decline in revenue from sugar beet and pulses. For crop products as a whole, the production value was virtually the same at DM 5 800 million.

*Considerable savings were achieved on **intermediate consumption** in 1991/92. With expenditure totalling DM 8 500 million, the amount spent on the means of agricultural production (on goods and services) was around 25% less than in the previous year. These savings were possible in the main because the original relationship between expenditure and return was usually very unfavourable due to outmoded technology and the poor location of production sites. Intermediate consumption requirements were adapted quickly and the difficult liquidity situation of many holdings contributed to make this necessary. In addition, the radical restructuring of arable land cultivation and the decline of animal production led to reduced consumption of the means of production. The consumption of bought-in feedingstuffs in particular were curtailed; according to present estimates, this item amounted to only DM 1 400 million in the 1991/92 financial year and thus fell by more than half over the previous year. According to calculations by the Institut für Agrarpolitik of the University of Bonn, the consumption of energy and veterinary products was also cut back, as was expenditure on the upkeep of buildings and machines.*

*As final production value was only slightly lower than in the previous year, but expenditure on intermediate consumption considerably lower, **gross value added** in agriculture in the new Länder in 1991/92 was more than twice as high as in the previous year, almost reaching an estimated DM 3 900 million. On the other hand, there was a clear decline in **subsidies** as defined in the national accounts: support ("adaptation aid") in particular was paid in more specific fashion to holdings capable of reconstruction and redevelopment; the volume was much lower than in the previous year. However, various other types of aid were paid, e.g. for beef and veal, sheepmeat and suckling cows, and the abandonment of milk production. At DM 2 200 million, the volume of subsidies paid direct to enterprises for current production was still well below the previous year's level (DM 4 900 million). **Taxes linked to production** went up in 1991/92, a major reason being that some land taxes and Community producer levies were collected for the first time.*

*If **depreciation**, which can only be roughly estimated at the present time owing to the unsatisfactory data situation, is put at DM 1 700 million. **Net value added** (at factor cost) for the 1991/92 financial year*

amounted to DM 4 000 million in the new Länder; sectoral income thus roughly attained the same level as in the previous year.

Forecast for the new Länder

Agricultural income in the new Länder is expected to be lower in 1992/93 than in the previous year, mainly because of lower revenue: the ***production value*** *is expected to be around DM 1 000 million lower, mainly owing to reduced revenue from crop production (damage from drought among other factors).*

Further savings are expected on ***intermediate consumption*** *but the decline in expenditure is not expected to reach the previous year's level. Less money is expected to be spent on energy, maintenance of buildings and machines, and overheads owing to further cost-management efforts; this does not, however, apply to fertilizers and plant protection products, nor to seeds and seedlings. Expenditure on feedingstuffs will probably not be lower than in the previous year, owing to the dry weather.*

Gross value added *in agriculture in the new Länder will probably amount to DM 3 000 million and thus lie clearly below the previous year's level.* ***Subsidies*** *will rise considerably, this being mainly due to assistance for drought damage and the amounts, paid out for the first time, deriving from the new oilseeds arrangements.* ***Taxes linked to production*** *will be lower than in the previous year, as the co-responsibility levy for cereals is no longer collected. It is not clear whether the development of subsidies and taxes linked to production can compensate for the estimated decline in gross value added, however; it is more likely that income in the new Länder in 1992/93 will be below that in the previous year.*

3.4 Greece

Agricultural income as measured by Indicator 1 fell sharply (-10.1%) in 1992, a rate that would be the third largest decline amongst Member States and well below the Community average. However, this should be seen in the context of a huge increase (+25.8%) the previous year and an Indicator 1 level still +18.1% above that of the base year.

The principal reason for the decrease in the Indicator 1 level was much lower real prices for crop products (-15.3%). This was reflected in the change in the real value of final production (-10.4%), which was comprised of a slight rise in volume (+1.7%) and the substantial fall in real prices (-12.0%).

The real value of crop production declined -13.6% as a result of the lower real prices and slightly more production volume (+2.1%). There were large real price reductions for all the major crop products in Greece, although in a few cases this was compensated by the rise in volume. The real price of olive oil plummeted -27.6% although it must be noted that the marketing period of a specific crop is extended over two successive calendar years and as a result the fall in the real price reflects the low price of the crop harvested in 1991; the volume of olive oil only increased +3.0% in 1992. The real value of fresh vegetables was -8.9% down on the previous year, resulting more from lower real prices (-8.1%) than volume (-0.9%). The winter drought affected wheat yields and thus wheat volume (-30.5%) particularly, and cereal production volume was estimated to have decreased by -24.5%. Coupled with a real price decline (-6.5%), the real value of cereals crashed (-29.4%). The sharp rise in the volume of fresh fruit (+28.1%, excluding citrus fruit and dessert grapes) in part reflected the falls in the preceding two years and also the effect of more favourable weather conditions. The real price fell (-32.5%) as a consequence of the volume change and also due to the reduction in exports caused by the extra transport costs inadvertently arising from the Yugoslavian crisis. Greater production volumes for fibres (+20.6%) and tobacco (+8.6%), the latter in order to meet an increase in demand for the Burley and Virginia varieties, outweighed reductions in real prices (-10.0% and -7.1% respectively), resulting in higher real values of +8.5% for fibre and +0.9% for tobacco.

Table 3.4 Changes in the major items of the income calculation for agriculture in Greece, % change in 1992 over 1991

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)
Final crop output	**2,1**	**-2,1**	**-15,3**	**-0,1**	**-13,6**
Cereals	-24,5	8,1	-6,5	-18,4	-29,4
Fibre plants	20,6	4,0	-10,0	25,4	8,5
Tobacco	8,6	7,4	-7,1	16,6	0,9
Fresh vegetables	-0,9	6,2	-8,1	5,3	-8,9
Fresh fruit (**)	17,7	-17,2	-28,4	-2,6	-15,7
Olive oil	3,0	-16,3	-27,6	-13,8	-25,4
Final animal output	**0,9**	**12,3**	**-2,9**	**13,2**	**-2,0**
Sheep and goats	3,4	10,3	-4,6	14,1	-1,3
Milk	-1,3	11,4	-3,7	9,9	-4,9
Final output	**1,7**	**1,8**	**-12,0**	**3,5**	**-10,4**
Intermediate consumption	**2,0**	**13,8**	**-1,6**	**16,1**	**0,4**
Gross value added at m.p.	**1,7**	**-1,8**	**-15,1**	**-0,2**	**-13,6**
Subsidies				15,9	0,2
Taxes linked to production				87,3	62,0
Depreciation				3,6	-10,4
Net value added at f.c.				**1,4**	**-12,3**
Rent				9,3	-5,4
Interest				4,8	-9,4
Net income of total labour				**0,9**	**-12,7**
Compensation of employees				11,4	-3,6
Net income of family labour				**0,3**	**-13,3**

(*) The deflator is the implicit price index of GDP at market prices, + 15.6 %.
(**) Including citrus fruit and grapes.

The real value of animal production slightly dropped (-2.0%), after the small rise in production volume (+0.9%) was more than counterbalanced with a -2.9% fall in the real price. A similar pattern emerged for sheep and goats, with the real value decline (-1.3%) reflecting an increase in production volume (+3.4%) and a stronger real price decrease (-4.6%). A lower milk production volume (-1.3%) combined with real prices -3.7% down on the previous year led to a drop in the real value (-4.9%).

The "price scissors" deteriorated sharply (-10.5%) because the nominal price rise for intermediate consumption (+13.8%) was far larger than that for final output (+1.8%). Much of this intermediate consumption price increase arose from fertilisers and energy, which in real terms jumped +14.5% and +4.6% respectively, after the raising of prices which took place on the 1st of May in the context of market liberalisation. The real prices of all other intermediate consumption goods declined, with the exception of seeds (+0.1%). The greater volume of intermediate consumption (+2.0%) almost exactly matched the volume increase in final production (+1.7%), so that there was a relatively constant level of intermediate consumption productivity (-0.3%). There was slightly more use of most intermediate consumption goods but a much larger volume rise for feedingstuffs (+9.0%).

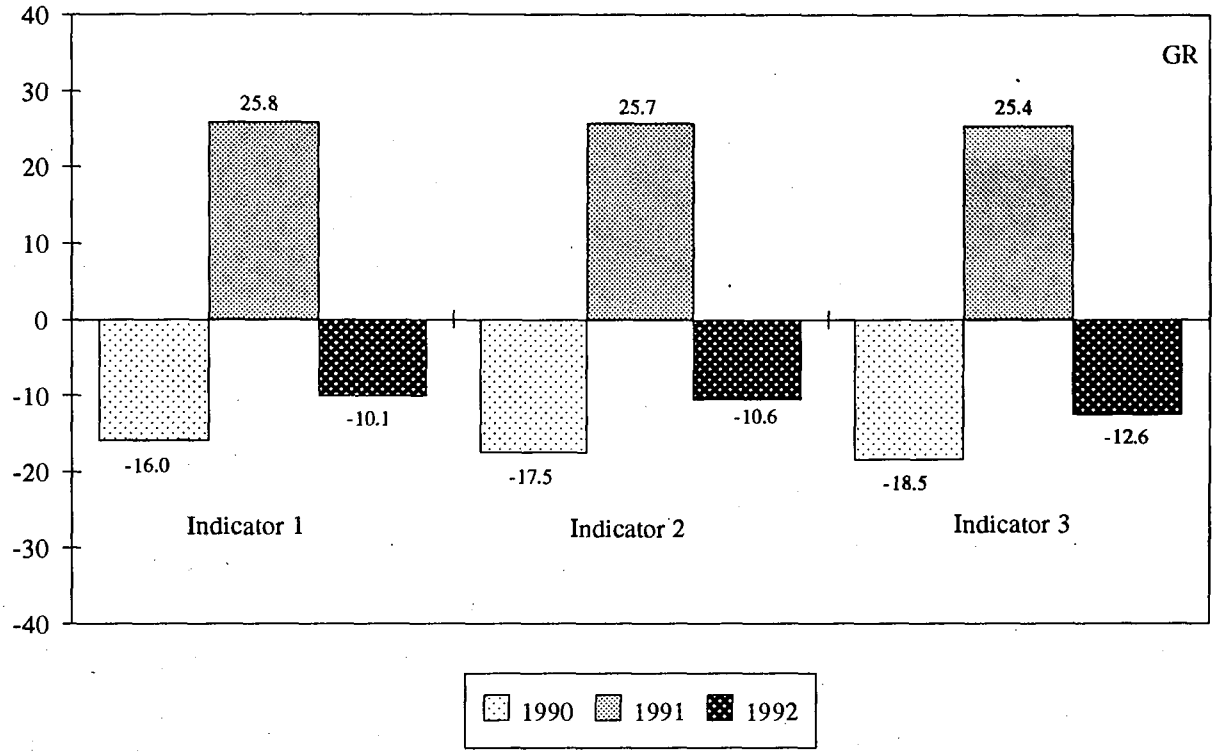
The large fall in taxes linked to production enjoyed in the previous year, was redressed by a +62.0% rise in 1992 as farmers were liable to pay the government for protection of their crops and livestock against extreme climatic conditions. A quarter of this liability was balanced by a mere +0.2% rise in real production related subsidies and the rest more than outweighed by a -10.4% lowering of real depreciation. Real interest payments fell -9.4%, perhaps in part reflecting the large increases experienced in the previous year. With the total agricultural labour input declining -2.4%, and that of family labour a smaller -0.7%, the following Indicator levels were observed:-

Indicator 1: -10.1% (1991 +25.8%)

Indicator 2: -10.6% (1991 +25.7%)

Indicator 3: -12.6% (1991 +25.4%)

Graph 3.4 **Evolution of the three income indicators for Greece in 1990, 1991 and 1992 (Changes in %)**



3.5 Spain

Agricultural incomes in Spain, as measured by indicator 1, fell by -9.6% in 1992 after more or less uninterrupted improvements since 1981. Although the net result since "1985" shows a cumulative improvement of +17.0%, 1992 marks a turning point compared with the trend since the early 1980s. It is the result of several factors:

- a -1.0% cut in crop production resulting from the drought of the first six months of 1992;
- a -12.1% decline in the real price of final production resulting from, the gradual opening of the Spanish domestic market to competitive imports, the high yield of fresh fruit and implementation of the new common organization of the oilseeds market;
- a -6.1% fall in the total labour force which, though less dramatic than in 1991, was still in excess of the historical average;
- a sharp drop in investments, resulting from the dwindling profitability of the agricultural sector.

The real value of crop production was down -17.7% following a slight fall in the volume of production (-1.0%), but principally the -16.8% decline in real prices. The most seriously affected crops in real value terms were fresh vegetables (-13.6%), cereals (-37.7%), olive oil (-16.9%), industrial crops (-40.7%) and potatoes (-47.1%). The volume production of cereals was down by -31.6%, due to a significant drop (-50.0%) in barley production (both area under cultivation and yield declined) and that of wheat (-19.5%). Production of durum wheat grew but that of soft wheat declined.

Table 3.5 Changes in the major items of the income calculation for agriculture in Spain, % change in 1992 over 1991

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)
Final crop output	**-1,0**	**-11,6**	**-16,8**	**-12,5**	**-17,7**
Cereals	-31,6	-3,2	-8,9	-33,8	-37,7
Fresh vegetables	-2,2	-6,1	-11,6	-8,1	-13,6
Fresh fruit (**)	18,1	-16,5	-21,5	-1,4	-7,3
Final animal output	**0,2**	**1,1**	**-4,9**	**1,3**	**-4,7**
Cattle	7,8	-5,0	-10,6	2,4	-3,6
Pigs	-1,0	5,4	-0,8	4,4	-1,8
Milk	-4,1	-0,1	-6,0	-4,2	-9,9
Final output	**-0,5**	**-6,5**	**-12,1**	**-7,0**	**-12,5**
Intermediate consumption	**2,6**	**1,0**	**-5,0**	**3,6**	**-2,6**
Gross value added at m.p.	**-3,0**	**-12,8**	**-18,0**	**-15,4**	**-20,4**
Subsidies				28,2	20,6
Taxes linked to production				-3,7	-9,4
Depreciation				-25,2	-29,6
Net value added at f.c.				**-9,8**	**-15,1**
Rent				-5,6	-11,2
Interest				8,5	2,1
Net income of total labour				**-13,3**	**-18,4**
Compensation of employees				-6,9	-12,4
Net income of family labour				**-15,4**	**-20,4**

(*) The deflator is the implicit price index of GDP at market prices, + 6.3 %.
(**) Including citrus fruit, tropical fruit and grapes.

The substantial increase of +18.1% in the production of fresh fruit[1)] led to a -21.5% dive in real prices. The production of fresh vegetables, which is the most important sector of Spanish agriculture, fell by -13.6% in real value, depressed by a decline in volume (-2.2%) and a substantial drop of -11.6% in real prices. The volume of wine production was redressed (+14.5%) after the previous year's downturn. Olive oil production followed the reverse pattern, with a downturn of -9.8% in 1992. The implementation of the new common organization of the market for oilseeds led to the collapse of real prices (-75.3%), and despite a +30.0% increase in the volume of production, particularly for sunflower, the real value declined steeply (-67.8%) for this group of products.

The impact of the fall in the real value of crop production was to some extent cushioned by animal production, which although only accounting for some 40% of "1991" total agricultural production limited the fall in real value of total production to -12.5%. The -4.7% decline in the real value of animal production was attributable to the -4.9% fall in real prices, which was the second strongest fall in Europe after that of Portugal. Whilst real prices for pigs remained stable (-0.8%), prices for cattle dropped (-10.6%). The volume of cattle production increased by +7.8% whereas that of milk production fell by -4.1%.

The development of intermediate consumption by volume (+2.6%) and real prices (-5.0%) brought about a deterioration of -3.0% in productivity and of -7.4% in the "price scissors", and this goes some way to explaining the -20.4% fall in real gross value added at market prices. As in most Member States, the volume consumption of agrochemical products - fertilizers and crop protection products - was down, by -5.6% and -7.8% respectively in a climate of cost-consciousness. The increase in the use of animal feedingstuffs is explained by the weather conditions, which obliged stock-raisers to bring in feeds to make up for inadequate pasture, and by the surge in cattle production. Consumption of services and materials increased, reflecting the slowdown in investments and the tendency to maintain existing assets rather than invest in new ones, as the economic prospects for the sector grew bleaker during the course of the year.

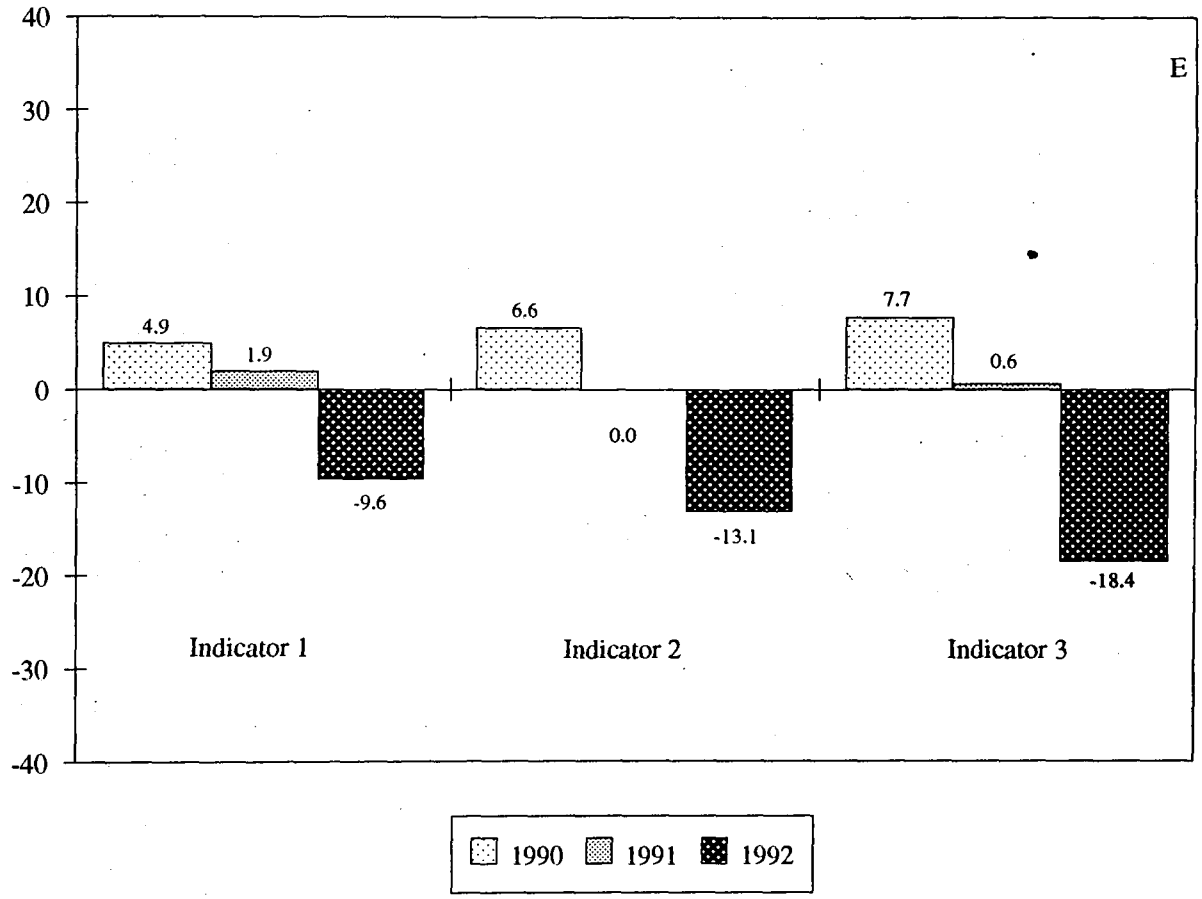
The substantial rise in the real value of subsidies (+20.6%), one of the highest in the Community, was largely a result of the reorganization of the oilseeds market. This steep rise, taken together with the -9.4%

(2) Including citrus and tropical fruit, and table grapes

reduction in taxes linked to production and a further substantial cut in real-terms depreciation (-29.6%, the highest in the Community) meant that the cut in real net value added at factor cost was only -15.1% - less than that for real gross value added at market prices.

Rental payments fell -11.2% in real terms but interest payments rose +2.1%; wages and salaries fell by -12.4% in real terms, and by more than -15.0% in volume: taken together these factors explain the decrease in real net income from agricultural activity of total labour input (-18.4%) and of family labour input (-20.4%).

Graph 3.5 **Evolution of the three income indicators for Spain in 1990, 1991 and 1992 (Changes in %)**



The reduction in agricultural employment continues to be very fast in Spain; in 1992 there was a -6.1% reduction in total labour force and a -2.4% reduction in family labour input. These figures reveal an acceleration in the rural exodus, which appears to be reflected in a higher level of capital-for-labour substitution and the greater intensification of agriculture with less labour input in the light of the other factors (increased fixed capital in the long-term and the highest volume increase in intermediate consumption in the Community for 1992 and since "1981"). The fall in the number of wage-earning employees in 1992 may also be a reflection of the massive demand for unskilled labour in Spain, with the Barcelona Olympics and the Seville '92 exhibition. The strong reduction in agricultural labour has to some extent cushioned the fall in real net value added at factor cost, and in real net income, to give the following changes in the agricultural income indicators:

Indicator 1: -9.6% (+1.9% in 1991)
Indicator 2: -13.1% (+0.0% in 1991)
Indicator 3: -18.4% (+0.6% in 1991)

3.6 France

France's agricultural income as measured by indicator 1 fell for the second year running, down by -0.9% in 1992 after -3.8% in 1991. Nevertheless these slight reductions followed two years of strong growth in agricultural incomes in 1989 and 1990, and brings them back to about their 1989 level. This represents a cumulative increase of +14.6% since "1985".

This slight decrease in 1992 is attributable to a number of factors:

- a sharp drop in real crop prices (particularly cereals, potatoes, oilseeds, fresh vegetables, fresh fruit and wine), indicating that there were surpluses on certain agricultural markets, and in the case of oilseeds from a change in the common organisation of the market for this group of products;
- significant growth in the volume of most agricultural production, with the notable exceptions of wheat, oilseeds and milk;
- a substantial rise in subsidies, due essentially to the implementation of aid schemes for oilseeds producers.

The nominal value of crop production fell by -8.4%, equivalent to a decrease of -11.0% in real terms given the GDP price index of +2.9%. This decline, which affected all crop production with the exception of wine, was the result of a further drop (-19.5%) in real prices, together with a +10.5% growth in production.

Table 3.6 Changes in the major items of the income calculation for agriculture in France, % change in 1992 over 1991

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)
Final crop output	**10,5**	**-17,1**	**-19,5**	**-8,4**	**-11,0**
Cereals	2,6	-10,3	-12,9	-8,0	-10,6
Oil seeds	-12,7	-45,0	-46,5	-52,0	-53,3
Fresh vegetables	3,3	-20,9	-23,1	-18,3	-20,6
Fresh fruit (**)	28,6	-50,3	-51,7	-36,1	-37,9
Wine	37,8	-13,5	-15,9	19,2	15,8
Final animal output	**2,5**	**0,8**	**-2,1**	**3,3**	**0,4**
Cattle	6,1	2,1	-0,8	8,3	5,3
Pigs	7,1	1,9	-1,0	9,1	6,1
Milk	-1,6	1,8	-1,1	0,2	-2,7
Final output	**6,9**	**-9,5**	**-12,0**	**-3,2**	**-5,9**
Intermediate consumption	**0,6**	**-1,6**	**-4,4**	**-1,0**	**-3,7**
Gross value added at m.p.	**12,2**	**-15,3**	**-17,7**	**-5,0**	**-7,7**
Subsidies				37,9	34,0
Taxes linked to production				-11,0	-13,5
Depreciation				-1,0	-3,8
Net value added at f.c.				**-1,6**	**-4,3**
Rent				0,7	-2,1
Interest				-0,2	-3,0
Net income of total labour				**-1,9**	**-4,6**
Compensation of employees				3,0	0,1
Net income of family labour				**-3,2**	**-5,9**

(*) The deflator is the implicit price index of GDP at market prices, + 2.9 %.
(**) Including citrus fruit and grapes.

Cereals production increased by +2.6% in volume, the result in particular of a very large maize harvest (+19.7%) after a hot and rainy growing season. Overall, the area under cereals remained much the same, but important differences between crops appeared: the slight decline in the area under durum wheat contrasted with a slight increase in the area under soft wheat. Persistent surpluses and a high level of stocks at the start of the campaign depressed the markets, and produced a -12.9% fall in the real prices of cereals, and -16.8% for maize. The real value of cereal production thus declined by -10.6%.

The 1991 fruit growing season was marked by spring frosts, and in 1992 production[3] returned to a more normal level despite a lorry-drivers' strike and heavy rain in June. The volume produced in fact grew by +28.6%, the increase being particularly due to apples, pears and plums. Abundant supplies of average quality, and climatic conditions less favourable for fruit consumption, provoked a -51.7% plummet in real prices. The volume production of fresh vegetables grew by +3.3%, although the individual showing of different crops varied widely. In 1991 real prices had risen in step with volume, but in 1992 they fell by -23.1%, apparently under pressure from competitive imports and a relatively sluggish demand but also due to the good level of supply.

Wine production, which had also suffered from the frosts of April 1991, returned to a more normal level of production (+37.8% in volume) in 1992. Marketing difficulties, however, led to a slight fall in sales, and a consequent increase in stocks. The decline in prices which had begun in mid-1990 was interrupted by the 1991 frosts, but resumed again in 1992, with both the domestic and the export markets depressed. Falling real prices (-15.9%) were, however, more than offset by an increase in production, leading to a net rise in real value of +15.8%.

Potato production was +17.3% higher in volume terms as a result of rising areas and yields. The increased production led to lower prices; real prices falling by -50.0%. The -12.7% cut in the volume production of oilseeds crops seems to have been the result of the combined effects of the new organization of the market, voluntary set-aside (particularly of land previously sown with soya) and declining yields, particularly of sunflower. Real prices now reflect those of the world market, in accordance with the new organization of the market, some -46.5% down, representing a fall of -53.3% in the real value of oilseeds crops.

The real value of animal production remained steady (+0.4%), the result of a +2.5% expansion in volume which more than offset a -2.1% drop in real prices. The growth in the volume of cattle production (+6.1%) was made mainly during the first half of the year, with sustained slaughtering of dairy cattle. Despite more than abundant supplies of young cattle and high intervention stocks, real prices for cattle fell only very slightly by -0.8%, as production dwindled in two other major producer countries, Germany and the United Kingdom, and CAP reform triggered some retention.

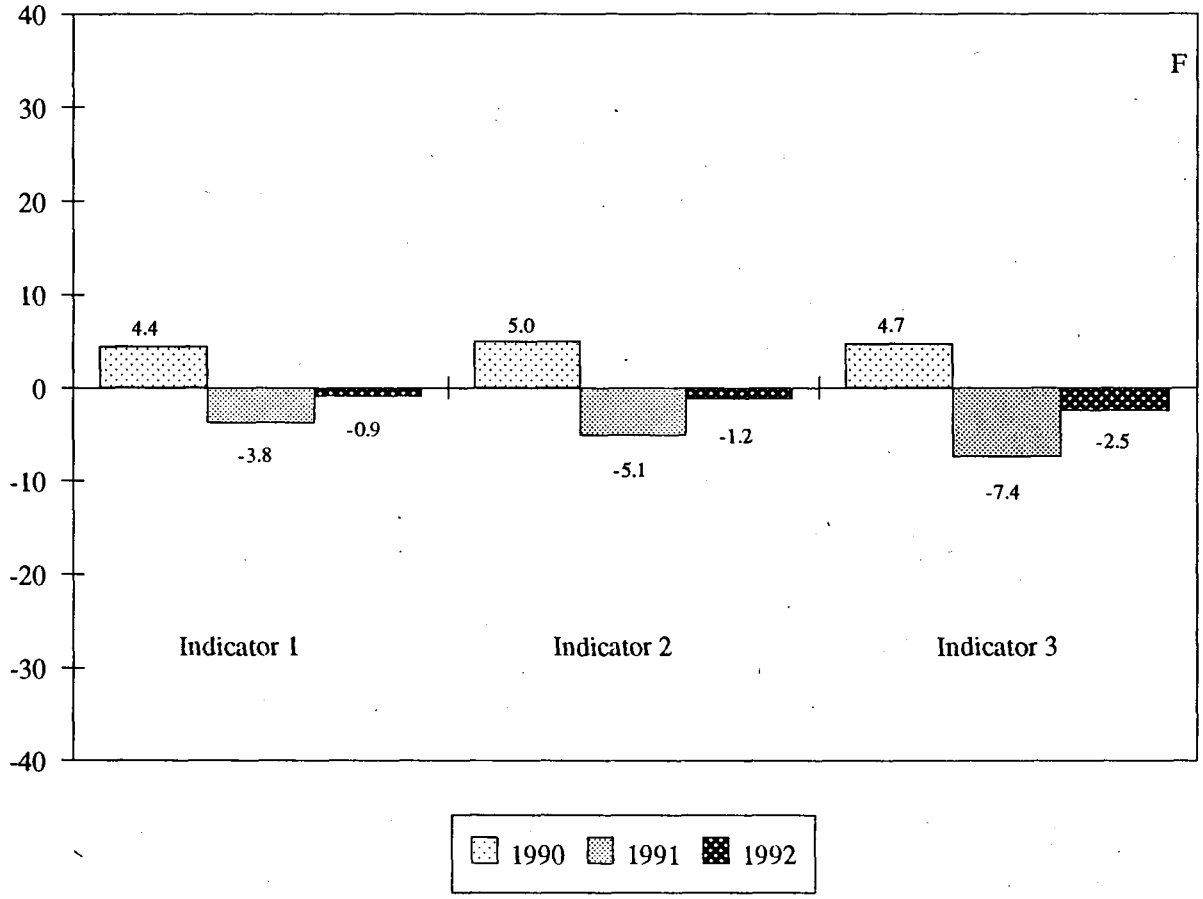
Pig production grew by a further +7.1%, maintaining the trend which began in 1990. Although exports expanded rapidly in the first six months of the year, forcing real prices up, the twelve months showed a drop in prices in real terms of -1.0%, particularly from September onwards. Poultry production grew by +4.3% in volume, with turkey and duck production expanding, but stable demand led to a -4.2% fall in real prices. Milk production fell by -1.6% in volume in 1992, largely as a result of the 1991/92 cessation of activity programme. The net improvement in supply, particularly during the first half of the year, allowed prices to steady: they showed a small rise (+1.8%) in nominal terms, but in real terms in fact slipped back slightly (-1.1%).

Despite a small (+0.6%) volume rise in intermediate consumption, its real value fell by -3.7%, as real prices fell by -4.4%. This brought about an implicit rise of +6.3% in the productivity of intermediate consumption, and a serious deterioration in the "price scissors" (-8.0%). The volume rise bucked the long-term trend, and taken with 1991, seems to confirm a certain slow-down in the use of intermediate consumption goods. The consumption of fertilizers and of crop protection products was down for the second year running, but there was also a significant slowdown in the use of animal feeds. This cut in agrochemical product purchases may be the result of a drive to cut farm operating costs, of increased sensitivity to environmental issues, and of the implementation of the new common organization of the market for oilseeds. The real prices of intermediate consumption goods and services declined steeply as the real costs of seed, energy and fertilizers all fell.

(3) This includes citrus fruit and dessert grapes

Subsidies rose by +34.0% in real terms, principally through implementation of the new common organization of the market for oilseeds, increased aid for maintaining milking herds, and aid for annual set-aside. Taxes linked to production fell in real terms by a significant -13.5%, mainly as a result of the abolition of the co-responsibility levy on cereals for 1992/93.

Graph 3.6 **Evolution of the three income indicators for France in 1990, 1991 and 1992 (Changes in %)**



Real gross value added at factor cost fell by -4.2%, and depreciation by -3.8%; taken together, this led to a decline of -4.3% in real net value added at factor cost. Rent and interest payments both fell in real terms by -2.1% and -3.0% respectively, leading to a -4.6% decline in real net income from agricultural activity for total labour input. Relatively constant real salaries (+0.1%) produced an even sharper fall in net real income from agricultural activity of family labour input (- 5.9%). The continued shedding of agricultural labour, at an annual rate of -3.5% as in 1991, cushioned the fall in the income indicators:

Indicator 1: -0.9% (-3.8% in 1991)

Indicator 2: -1.2% (-5.1% in 1991)

Indicator 3: -2.5% (-7.4% in 1991)

3.7 Ireland

In stark contrast to the general pattern in most Member States (EUR12: -3.5%), the agricultural income Indicator 1 for Ireland is set to increase dramatically (+16.5%) in 1992. This would result in a +44.9% improvement in the Indicator 1 level since the base year, by far the largest cumulative growth in the Community.

The main reasons for this higher income level are the rise in real subsidies (+17.8%) and the greater real values for milk (+5.2%) and cattle (+4.4%), which account for about seventy percent of final production in Ireland. Real total final production value was up +2.8% on the previous year, one of only two increases in the Community.

Table 3.7 Changes in the major items of the income calculation for agriculture in Ireland, % change in 1992 over 1991

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)
Final crop output	**0,7**	**-2,0**	**-4,8**	**-1,3**	**-4,1**
Cereals	-1,1	-3,6	-6,3	-4,7	-7,4
Final animal output	**3,1**	**3,8**	**0,9**	**7,0**	**3,9**
Cattle	4,3	2,9	0,1	7,4	4,4
Pigs	8,3	8,5	5,5	17,6	14,3
Sheep	4,2	-7,1	-9,7	-3,2	-5,9
Milk	1,1	7,2	4,2	8,3	5,2
Final output	**2,8**	**2,9**	**0,0**	**5,8**	**2,8**
Intermediate consumption	**-2,2**	**0,6**	**-2,2**	**-1,6**	**-4,4**
Gross value added at m.p.	**7,1**	**4,3**	**1,4**	**11,6**	**8,5**
Subsidies				21,2	17,8
Taxes linked to production				-13,2	-15,6
Depreciation				0,0	-2,8
Net value added at f.c.				**16,8**	**13,5**
Rent				-60,0	-61,1
Interest				-1,7	-4,5
Net income of total labour				**19,9**	**16,5**
Compensation of employees				1,1	-1,7
Net income of family labour				**22,1**	**18,7**

(*) The deflator is the implicit price index of GDP at market prices, + 2.9 %.

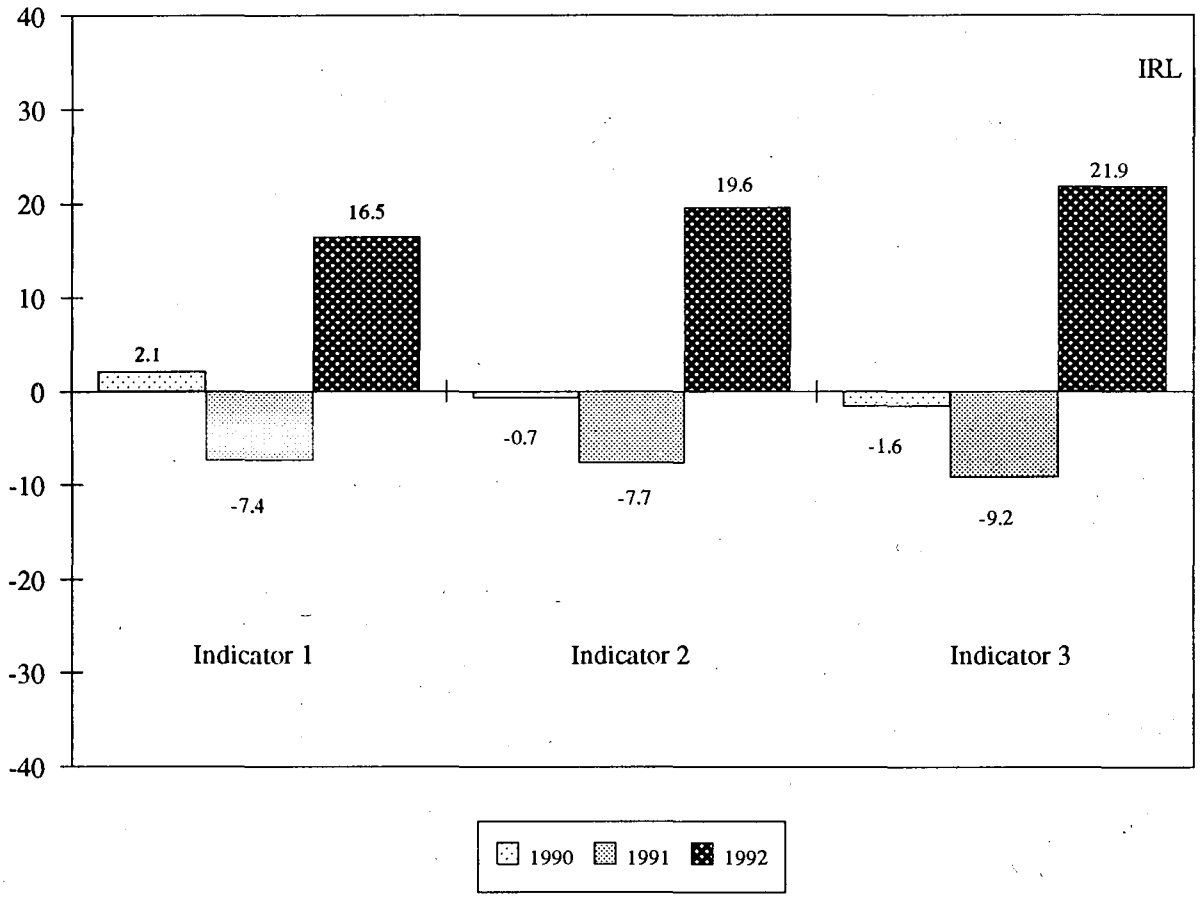
The value of animal production was +3.9% higher in real terms and was comprised of a greater production volume (+3.1%), for which the cattle production volume (+4.3%) change was the main influence, and a small rise in the real price (+0.9%). The increase in cattle output was largely due to the opening of new foreign markets, particularly those in the Middle East, for live exports. This fresh demand helped maintain the real price at last year's level. The volume of milk produced was also up +1.1%, principally through intake (+0.9%) but also the fact that the fat content of milk was higher. With the real price for milk rising +4.2% the real value increased +5.2%, the only increase in the Community (EUR 12: -3.7%). The largest single rise in animal volume was for pig production (+8.3%) of which pig slaughtering was up +10.0%. This reflected both the greater pig population and strong export demand, from the UK in particular, for pigmeat products.

Although the real value of crop production was down -4.1%, this decrease was less severe than the Community average (-10.7%) because Ireland experienced the second least real price decline (-4.8%) amongst Member States (EUR 12: -15.2%).The real value of cereals was -7.4% lower than the previous year with broadly similar falls for both barley (-6.5%) and wheat (-9.0%), predominantly arising from the declines in the real price (-3.6% and -10.5% respectively).

The nominal price of final production (+2.9%) increased by more than that of intermediate consumption (+0.6%), particularly influenced by the slight rise in the nominal price of feedingstuffs (+0.9%), which improved the "price scissors" by +2.3%. Intermediate consumption productivity rose a further +5.1% as

final production volume expanded +2.8% whilst the volume of intermediate consumption fell -2.2%, again predominantly to do with the decline in the volume of feedingstuffs (-2.6%). The real value of intermediate consumption was -4.4% down on 1991, which is the second strongest decrease in the Community.

Graph 3.7 **Evolution of the three income indicators for Ireland in 1990, 1991 and 1992 (Changes in %)**



The real value of subsidies rose +17.8% as the special beef premium, suckler cow premium and other beef supports were increased, and coupled with a fall in the level of real taxes (-15.6%) principally arising from changes to the co-responsibility levy on cereals, there was a strong positive effect on the annual change in incomes as real "net subsidies" increased +20.9%. Real depreciation was down roughly in line with inflation (-2.8%), real interest payments declined -4.5% and the level of real rental payments fell -61.1%, although the absolute level of this item is very small and therefore prone to large percentage fluctuations. With the total agricultural labour input and family labour input estimated to have declined by -2.6%, the following changes to the Indicator levels were observed:-

Indicator 1: +16.5% (1991 -7.4%)

Indicator 2: +19.6% (1991 -7.7%)

Indicator 3: +21.9% (1991 -9.2%)

3.8 Italy

After substantial improvements in 1991, agricultural incomes as measured by Indicator 1 fell by -4.1% in 1992, representing a cumulative fall of -2.1% since "1985". This was essentially the result of:

- a substantial reduction in real prices for agricultural products (-6.6%), which a slight rise in the volume of production (+0.7%) failed to offset;
- a decline in the real value of most of the charges which feature in the calculation of income (intermediate consumption, depreciation, rents and interest paid).

The nominal value of crop production fell by -2.7%, resulting in a fall of -7.5% in real terms, since the GDP price index was +5.2%. This fall affected most forms of production, with only sugarbeet and flowers showing an improvement in real values. Cereals production maintained its level in volume terms (+0.7%), although this figure conceals highly contrasting tendencies: the volume of wheat production fell steeply (-7.7%) - particularly durum wheat, where both area under cultivation and yields declined - whilst that of maize grew by +18%, with increases in both area and yield. As elsewhere in the Community, real prices for cereals fell steeply (-12.3%).

Table 3.8 Changes in the major items of the income calculation for agriculture in Italy, % change in 1992 over 1991

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)
Final crop output	**1,3**	**-3,9**	**-8,7**	**-2,7**	**-7,5**
Cereals	0,7	-7,8	-12,3	-7,2	-11,7
Fresh vegetables	1,5	-1,0	-5,9	0,5	-4,5
Fresh fruit (**)	6,6	-4,6	-9,4	1,6	-3,4
Wine	5,5	-4,4	-9,1	0,9	-4,1
Olive oil	-20,6	-4,0	-8,8	-23,8	-27,6
Final animal output	**-0,3**	**1,9**	**-3,1**	**1,6**	**-3,5**
Cattle	1,0	4,3	-0,9	5,3	0,1
Pigs	0,2	10,0	4,5	10,2	4,8
Milk	-1,5	0,1	-4,8	-1,4	-6,3
Final output	**0,7**	**-1,7**	**-6,6**	**-1,0**	**-5,9**
Intermediate consumption	**-0,7**	**1,5**	**-3,5**	**0,8**	**-4,2**
Gross value added at m.p.	**1,3**	**-2,9**	**-7,7**	**-1,7**	**-6,5**
Subsidies				7,0	1,7
Taxes linked to production				10,0	4,6
Depreciation (***)				1,5	-3,5
Net value added at f.c.				**-1,6**	**-6,5**
Rent				1,3	-3,7
Interest				3,6	-1,5
Net income of total labour				**-2,3**	**-7,1**
Compensation of employees				10,2	4,8
Net income of family labour				**-11,1**	**-15,5**

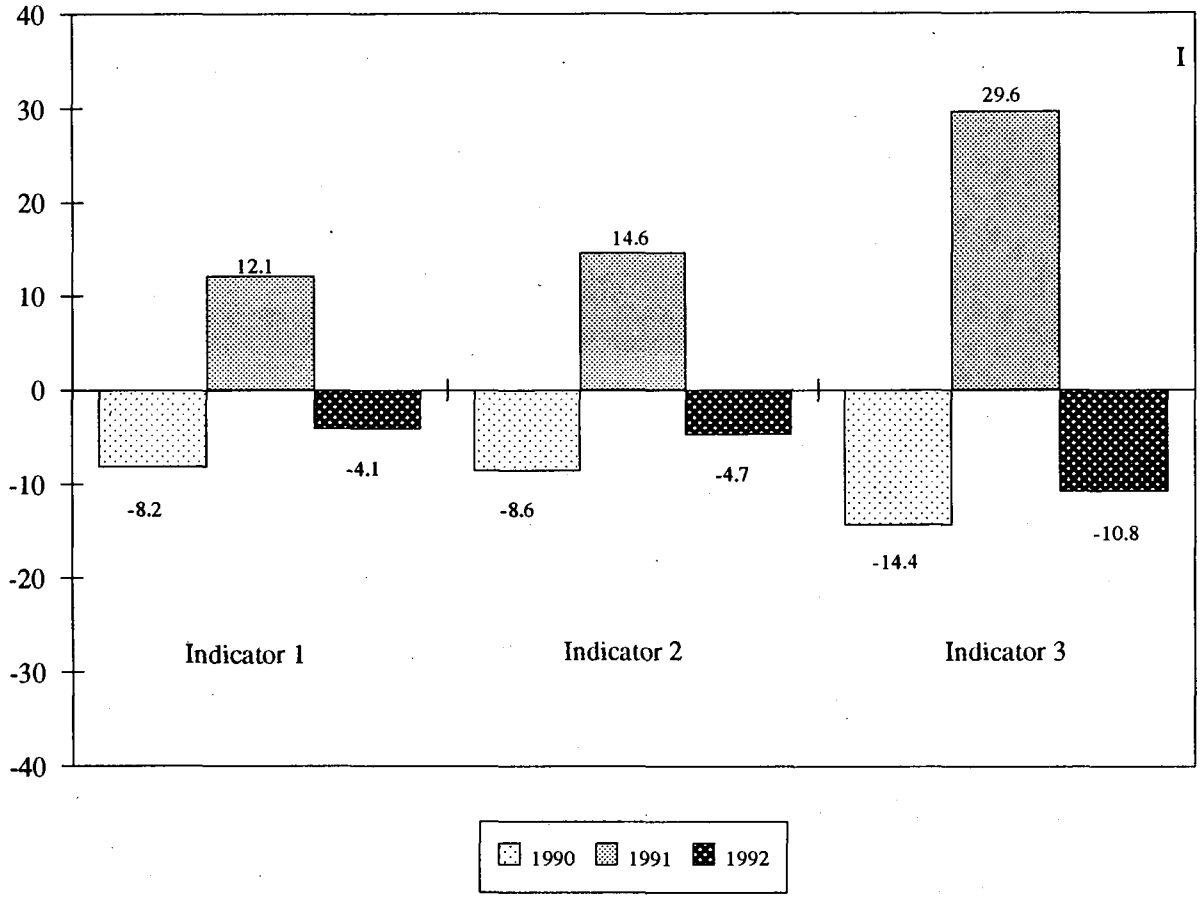
(*) The deflator is the implicit price index of GDP at market prices, + 5.2 %.
(**) Including citrus fruit, tropical fruit and grapes.
(***) Eurostat estimates.

The volume of oilseed production grew by +2.0%, despite a reduction in the area under cultivation. As a result of the newly-introduced market arrangements, real prices fell by -47.7% with the real value of oilseed products dropping equally as steeply (-46.7%). Fresh vegetables and fruit (the latter including citrus and tropical fruits, and table grapes), which represent a significant part of crop production, registered volume growths of +1.5% and +6.6% respectively. This rise in part reflected the difficult weather conditions of 1991 which had depressed production. Real prices were down substantially (-5.9% and -9.4% respectively), and this led to a decline in real values for these products of -4.5% and -3.4% respectively.

Although the production of wine grew by +5.5% in volume terms, the real value of production decreased by -4.1%; real prices fell, as they did in many other Member States, by -9.1%. The volume of olive oil production declined steeply (-20.6%) although it should be remembered that this followed a massive rise (+291.4%) in 1991. The real price of olive oil also fell significantly (-8.8%), with the markets in 1992 reacting to the size of the 1991 harvest.

The nominal value of animal production grew by +1.6% in 1992, but shrank in real terms by -3.5%. This was the result of the volume -0.3% remaining relatively constant (-1.5% for milk production, but +1.0%, +0.2% and +0.7% for cattle, pigs and poultry respectively), and real prices declining by -3.1% (milk, cattle and poultry down by -4.8%, -0.9% and -7.8% respectively; pigs up by +4.5%). Real prices for pigmeat became firmer during the course of the year as consumption rose, and real production value consequently improved by +4.8%. Volume growth in cattle production can be explained by the changes to the milk sector rules in Italy, which are likely to result in large-scale slaughtering of dairy cattle.

Graph 3.8 **Evolution of the three income indicators for Italy in 1990, 1991 and 1992 (Changes in %)**



The decline in the real value of intermediate consumption (-4.2%) led to a -6.5% reduction in real gross value added at market prices. Both the volume (-0.7%) and real prices (-3.5%) of intermediate consumption declined, implicitly bringing about a +1.4% improvement in productivity but, as in most other Member States, this was accompanied by a narrowing in the "price scissors" of -3.2%. As elsewhere in the Community, the use of fertilizers and crop protection products again fell in terms of volume, by -3.0% and -1.5% respectively.

The slight real-terms increase in subsidies (+1.7%), taken together with the +4.6% rise in taxes linked to production, resulted in an increase in "net subsidies" of +1.4% in real terms, reflecting the low significance of the taxes. It enabled the reduction in real gross value added at factor cost to be limited to -5.7%. Depreciation accounts for a major share of Italy's final agricultural production - almost 20% - and the likely[4] real-terms decrease in depreciation (down -3.5%), together with the reduction in real charges (rents -3.7%; interest -1.5%), led to a -6.5% decline in real net value added at factor cost, and in a -7.1% fall in the real net income from agricultural activity of total labour input. The real net income from agricultural activity of total family input was -15.5% after accounting for the +4.8% rise in real wages and salaries. Given the -2.5% reduction in total agricultural employment and the -5.3% cut in family agricultural employment, the three income indicators fell as follows:

Indicator 1:-4.1% (+12.1% in 1991)

Indicator 2:-4.7% (+14.6% in 1991)

Indicator 3:-10.8% (+29.6% in 1991)

3.9 Luxembourg

Following the fall of -14.8% in agricultural income per AWU (as measured by Indicator 1) in 1991 in Luxembourg, an increase of +6.9% in real terms is estimated for 1992. This rise, which is the second highest in the Community in 1992 after that for Ireland, can be attributed mainly to:

- a substantial rise in the volume of crop production (+96.2%), in particular wine,
- an increase of +10.9% in the real value of cattle production.

Table 3.9 Changes in the major items of the income calculation for agriculture in Luxembourg. Percentage change in 1992 over 1991

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)
Final crop output	**96,2**	**-20,9**	**-22,6**	**55,1**	**51,7**
Cereals	2,1	0,7	-1,4	2,9	0,7
Wine	216,5	-20,7	-22,5	150,8	145,4
Final animal output	**0,2**	**1,1**	**-1,1**	**1,3**	**-0,9**
Cattle	7,8	5,1	2,9	13,3	10,9
Pigs	-12,3	13,4	10,9	-0,6	-2,7
Milk	-1,6	-3,4	-5,6	-5,0	-7,1
Final output	**15,7**	**-4,9**	**-6,9**	**10,0**	**7,6**
Intermediate consumption	**0,9**	**0,5**	**-1,6**	**1,5**	**-0,7**
Gross value added at m.p.	**29,2**	**-8,9**	**-10,9**	**17,7**	**15,2**
Subsidies				-44,7	-45,8
Taxes linked to production				-78,9	-79,4
Depreciation				3,6	1,4
Net value added at f.c.				**4,3**	**2,1**
Rent				1,4	-0,8
Interest				15,6	13,1
Net income of total labour				**3,0**	**0,8**
Compensation of employees				4,7	2,4
Net income of family labour				**2,9**	**0,7**

(*) The deflator is the implicit price index of GDP at market prices, + 2.2 %.

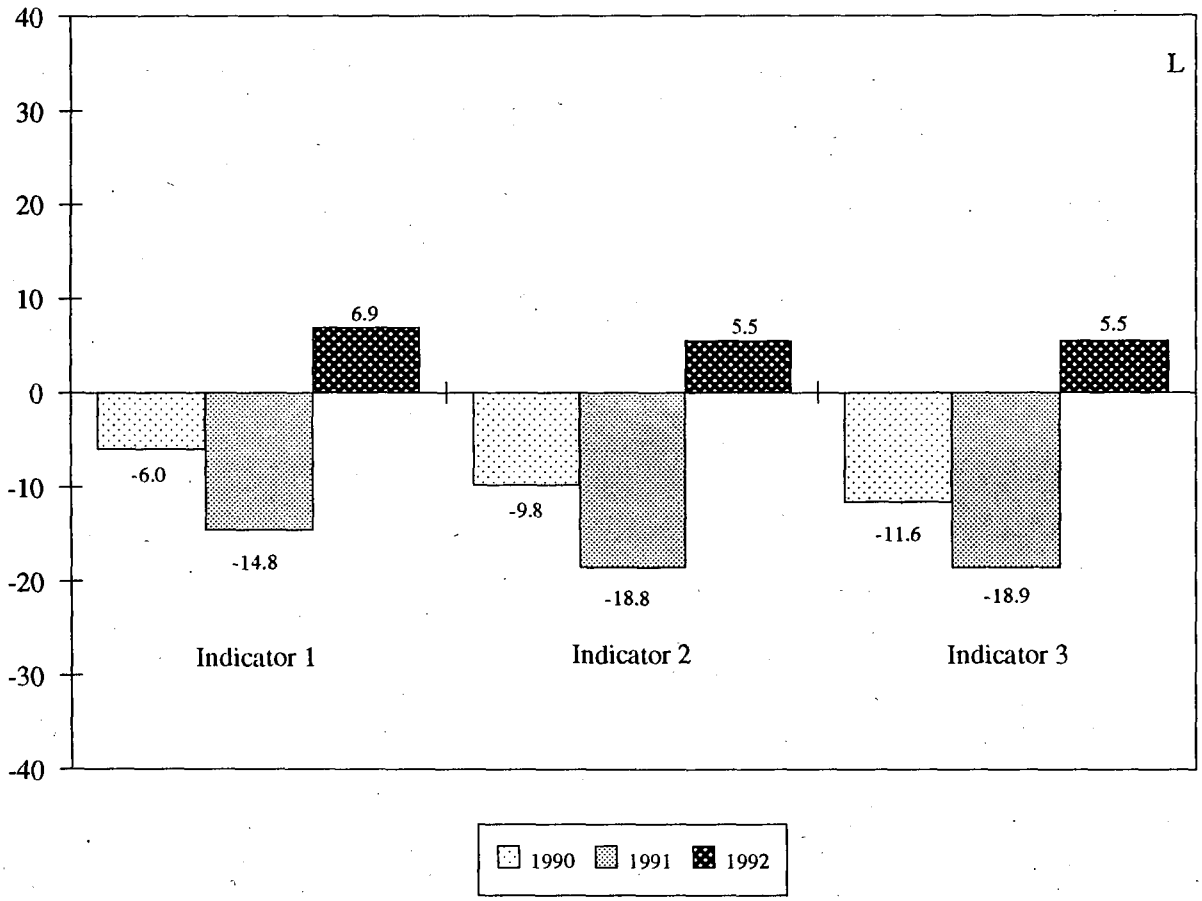
The real value of animal production, which accounts for close to 80% of final agricultural output, is expected to have declined by -0.9%. However, there are substantial differences between the individual animal products. Following the sharp fall in the real value of cattle production in 1991, a recovery (+10.9%) is expected for 1992, owing both to an increase in the production volume (+7.8%) and to increasing real prices (+2.9%). In the case of milk production the negative development of the previous year continued. A

(4) Data on depreciation are not available, and have been estimated by Eurostat

decline in production volume (-1.6%) and a price drop of -5.6% in real terms caused a -7.1% decline in the real value of milk production. The quantitative decline in pig production (-12.3%) was largely offset by the increase in real pig prices (+10.9%), with the result that the value of pig production declined by only -2.7% in real terms.

Following the sharp fall in the real value of crop production in the previous year (-26.3%), it is estimated that it will rise by +51.7% in real terms in 1992. The reason for this enormous increase lies principally with wine production, which accounts for approximately half of crop production and 9% of total final agricultural output in Luxembourg. As a result of exceptionally favourable climatic conditions, the 1992 wine harvest is likely to be +216.5% up on the previous year, when a decline in production of -43.3% was recorded. Despite falling real producer prices for wine (-22.5%), the real value of wine production increased by +145.4%. The volume of cereal production rose by +2.1% which, together with a slight decline in real cereal prices (-1.4%), led to a slightly higher real value of cereal production (+0.7%). Within the cereals group, barley production which represents close to 45%, declined by -6.1%, whereas the production of rye and meslin as well as oats and summer meslin increased sharply (+16.3% and +20.4% respectively). The production volume of fresh fruit, fresh vegetables and potatoes jumped by about +469%, +54% and +42% respectively, with the result that the yield losses of the previous year, as in the case of wine production, were more than offset.

Graph 3.9 **Evolution of the three income indicators for Luxembourg in 1990, 1991 and 1992 (Changes in %)**



As in the previous year, the real value of intermediate consumption fell slightly (-0.7%), since intermediate consumption volume marginally increased (+0.9%) and the real prices of intermediate consumption declined by -1.6%. The use of animal feedingstuffs fell in volume terms by -7.9% following the increased demand of

the previous year. The steep rise in the volume and real prices for bought-in livestock and animal products were above average (+65.5% and +22.3% respectively). After the already unfavourable development of the agricultural terms of trade for Luxembourg in 1991, the 1992 "price scissors" widened by -5.5%. In contrast with the trend of previous years, the productivity of intermediate consumption increased by +14.7%, exceeding the Community average of +2.7%. With this, the productivity of Luxembourg agriculture was 93.8% of the 1984-86 level, and thereby the lowest of all Member States in relative terms.

The real decline of -45.8% in subsidies is due, inter alia, to the reduction in compensation for unfavourable weather conditions paid in 1991. Taxes linked to production decreased by -79.4%. Net subsidies" declined by -37.9% in real terms, with the result that the gross value added at factor cost rose by only +1.9% in real terms. While the net value added at factor cost increased by +2.1% in real terms as a result of the slight increase in depreciation (+1.4%), the net income of the total labour force rose by only +0.8% in real terms. This can be attributed to the fact that interest payments increased by +13.1% in real terms owing to the high interest rate levels, while simultaneously rents declined slightly (-0.8%). Compensation of employees increased by +2.4% in real terms, with the result that the real net income of family labour increased by +0.7%. This is the third-highest increase in the Community.

In view of the decline of -4.5% in total agricultural labour input and of -4.6% in family labour input, the expected results for the three indicators are as follows:

Indicator 1: +6.9%	(1991:	-14.8%)
Indicator 2: +5.5%	(1991:	-18.8%)
Indicator 3: +5.5%	(1991:	-18.9%)

3.10 The Netherlands

Agricultural income as measured by Indicator 1 is expected to show a severe drop of -12.1% in 1992, which would be the heaviest decline in the Community (EUR 12: -3.5%). With the revision of the economic accounts for agriculture over the 1987-92 period, it now appears that the level of income in terms of Indicator 1 is likely to have fallen by -13.4% since the base year.

The decrease in the level of income can be attributed more to the lower real value of crop production (-8.0%), which arose because the decline in real prices (-14.0%), was not counterbalanced by the rise in volume (+6.9%), rather than to the fall in the real value of animal production (-0.9%). What particularly differentiated the Netherlands from the Community as a whole was that this downward pressure on incomes was compounded by the changes to the real value for intermediate consumption (+0.4% compared to EUR 12: -3.3%), real subsidies (-11.5% compared to EUR 12: +10.4%), and the total agricultural labour input (+0.9% compared to EUR 12: -3.7%).

The annual changes in the volumes and prices of crop products followed the more general patterns observed at the Community level; these were increases in production volume, caused by more favourable weather conditions, and much lower prices resulting among other things from the aforementioned rises in output. In addition to the general increase in yields, there were larger acreages for vegetables under glass (+1.3%), potatoes (+3.5%) and plants and flowers under glass (+1.7%). The real value of vegetables fell -12.9%, because the higher volumes (+7.8%) could not compensate for the reduction in the real price (-19.3%). Similar scenarios were observed for fresh fruit where recovery from frost damage the previous year exaggerated the increase in volume to +74.0% and flowers (+3.5%), although these were unable to balance out the fall in real prices, and as a result the real value of fresh fruit decreased -28.8% and that of flowers -4.3%.

Table 3.10 **Changes in the major items of the income calculation for agriculture in the Netherlands, % change in 1992 over 1991**

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)
Final crop output	**6,9**	**-11,7**	**-14,0**	**-5,5**	**-8,0**
Potatoes	6,5	-25,0	-27,0	-20,1	-22,2
Fresh vegetables	7,8	-17,1	-19,3	-10,5	-12,9
Flowers	3,5	-5,0	-7,5	-1,7	-4,3
Final animal output	**-0,1**	**1,9**	**-0,8**	**1,8**	**-0,9**
Cattle	-2,0	9,0	6,1	6,8	4,0
Pigs	1,5	1,0	-1,7	2,5	-0,2
Poultry	8,0	-2,0	-4,6	5,8	3,0
Milk	-1,2	1,5	-1,2	0,3	-2,3
Eggs	-7,0	-10,0	-12,4	-16,3	-18,5
Final output	**2,9**	**-4,2**	**-6,7**	**-1,5**	**-4,1**
Intermediate consumption	**1,1**	**2,0**	**-0,6**	**3,2**	**0,4**
Gross value added at m.p.	**4,7**	**-10,0**	**-12,4**	**-5,8**	**-8,3**
Subsidies				-9,1	-11,5
Taxes linked to production				-1,3	-3,9
Depreciation				4,0	1,3
Net value added at f.c.				**-9,0**	**-11,4**
Rent				-3,0	-5,6
Interest				4,5	1,7
Net income of total labour				**-12,4**	**-14,7**
Compensation of employees				7,5	4,7
Net income of family labour				**-18,7**	**-20,8**

(*) The deflator is the implicit price index of GDP at market prices, + 2.7 %.

The small reduction in the real value of animal production (-0.9%) was almost entirely due to the real price (-0.8%) rather than the more constant level of production volume (-0.1%). Like crop products, these results were similar to those of the Community as a whole. The volume of milk produced was -1.2% lower than the year before, because the production efficiency improvement of +3.0% per cow was insufficient to make up for a -4.0% smaller dairy herd. Coupled with -1.2% decrease in the real price of milk, the real value was down -2.3%. There was a small recovery (+1.5%) in pig production, after the disease-related levels of the year before, which was comprised of higher exports of live pigs, increasing stocks but less slaughtering. A comparable fall (-1.7%) in the real price of pigs resulted in an almost constant level of real value (-0.2%). The volume of cattle production fell -2.0%, because although slaughtering was up +3.0%, there were fewer exports of live cattle and lower stocks. Cattle prices recovered from their low levels in 1991, rising +6.1% in real terms, and the real value of cattle production was +4.0% higher.

The higher levels of intermediate consumption (+1.1%) in 1992, were mainly the result of the increased use of feedingstuffs (+2.0%) for the greater numbers of livestock held in stock, and relating this to the increase in final output volume (+2.9%) suggests that the productivity of intermediate consumption was +1.8% higher. The real price of intermediate consumption was slightly down (-0.6%) on the year, and the real value showed a small rise (+0.4%). The "price scissors" is expected to tumble by -6.1%, because the reduction in nominal output prices (-4.2%) was accompanied by a +2.0% rise in the nominal price of intermediate consumption. The real price of fertilizers decreased -9.4%, because of overcapacity in the fertilizer industry and cheaper imports from Eastern Europe, and this was matched by a -6.0% fall in fertilizer volume influenced by the environmental policy and better cost management, resulting in the real value of fertilizers sliding -14.9%. The real price of energy was -6.5% lower due to developments on the world oil market and with the volume decreasing (-2.0%) as a result of more favourable weather conditions for the horticulture under glass sector, the real value declined -8.4%.

Although real taxes decreased (-3.9%), as co-responsibility levies on cereals were phased out, the positive effect on incomes was eradicated by the larger fall in real subsidies (-11.5%), particularly those associated with compensation payments for the suspension of milk quotas and quota buy-back schemes, and the rise in real depreciation (+1.3%). Higher interest rates and a small increase in the amount of borrowed capital

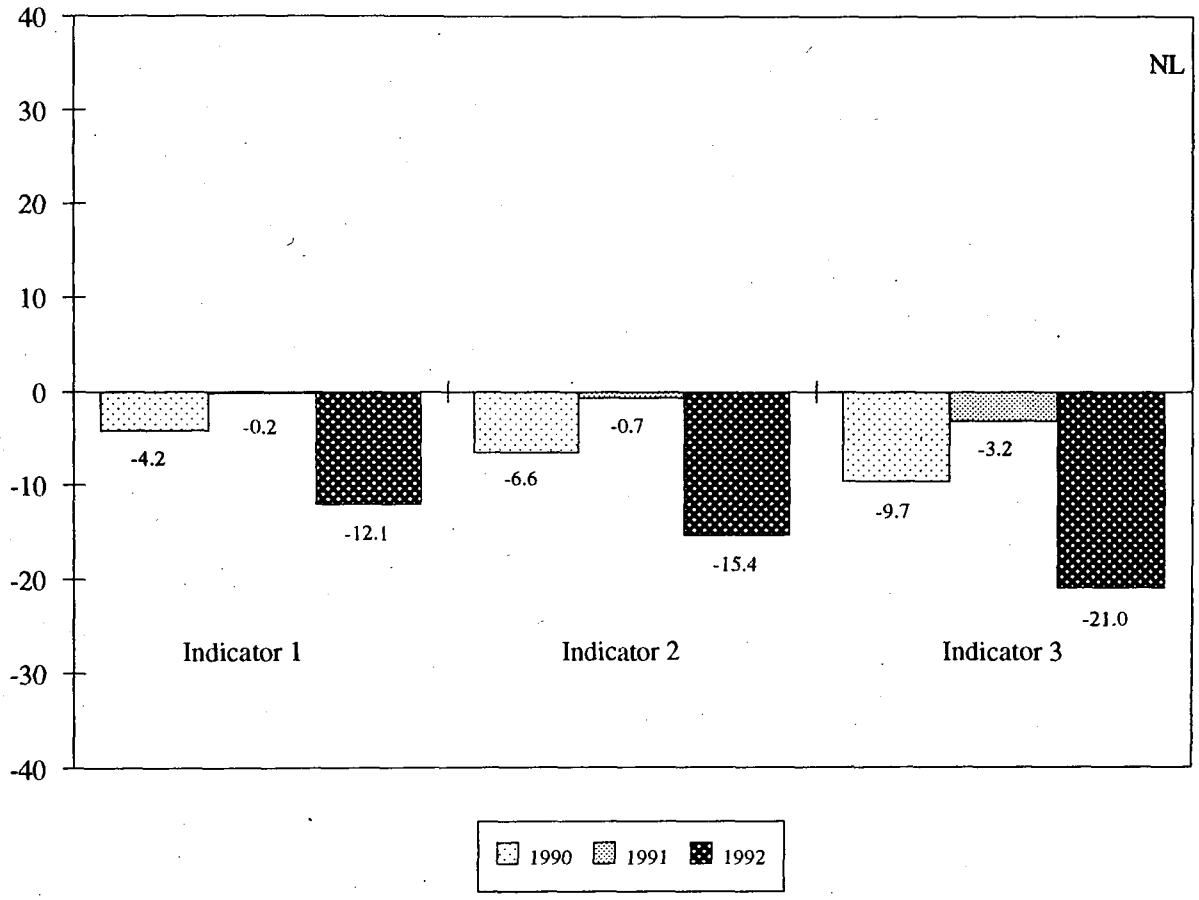
resulted in a rise in interest payments in real terms (+1.7%). The greater level of real compensation to employees (+4.7%) was caused by a +2.8% rise in the number of non-family AWUs and a +1.8% increase in real wages per worker. With higher total agricultural labour input (+0.9%) and a slight rise in total agricultural family labour input (+0.2%), the following Indicator levels were observed:-

Indicator 1: -12.1% (1991 +0.2%)

Indicator 2: -15.4% (1991 -0.7%)

Indicator 3: -21.0% (1991 -3.2%)

Graph 3.10 Evolution of the three income indicators for the Netherlands in 1990, 1991 and 1992 (Changes in %)



3.11 Portugal

The decline in agricultural income, measured by Indicator 1, that was experienced in 1991 by Portugal is set to be repeated in 1992 with a fall of -8.7%. This would result in the cumulative reduction in agricultural income increasing to -12.6% since the base year, which is the third greatest loss in the Community. The 1992 decrease was over double the rate of the Community average (-3.5%).

Like other Member States, the principal reason for the lowering of agricultural income can be explained by the fact that the real price for final production (-18.9%) and particularly crop production (-26.6%) was down on 1991; this was despite the volume of final production also falling -1.2%. The impact on agricultural incomes would have been much more dramatic were it not for the cushioning effects of a large increase in "net subsidies" (+17.5%), the real value of intermediate consumption falling -18.7% and total labour input declining -6.5% (both the largest decreases in the Community).

Table 3.11 Changes in the major items of the income calculation for agriculture in Portugal, % change in 1992 over 1991

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)
Final crop output	**-4,1**	**-17,0**	**-26,6**	**-20,4**	**-29,6**
Cereals	-34,8	-15,5	-25,3	-44,9	-51,3
Fresh vegetables	0,0	-14,5	-24,4	-14,5	-24,4
Wine	-25,0	-15,0	-24,8	-36,2	-43,6
Final animal output	**2,5**	**-0,3**	**-11,9**	**2,1**	**-9,7**
Cattle	-1,0	-7,7	-18,4	-8,6	-19,2
Pigs	8,0	15,3	1,9	24,5	10,1
Milk	0,0	-2,4	-13,7	-2,4	-13,7
Final output	**-1,2**	**-8,3**	**-18,9**	**-9,3**	**-19,8**
Intermediate consumption	**-4,6**	**-3,6**	**-14,8**	**-8,1**	**-18,7**
Gross value added at m.p.	**2,4**	**-12,8**	**-22,9**	**-10,6**	**-21,0**
Subsidies				32,1	16,8
Taxes linked to production				-10,6	-21,0
Depreciation				-10,0	-20,4
Net value added at f.c.				**-3,5**	**-14,6**
Rent				-4,1	-15,2
Interest				17,6	4,0
Net income of total labour				**-8,4**	**-19,0**
Compensation of employees				3,8	-8,2
Net income of family labour				**-11,9**	**-22,1**

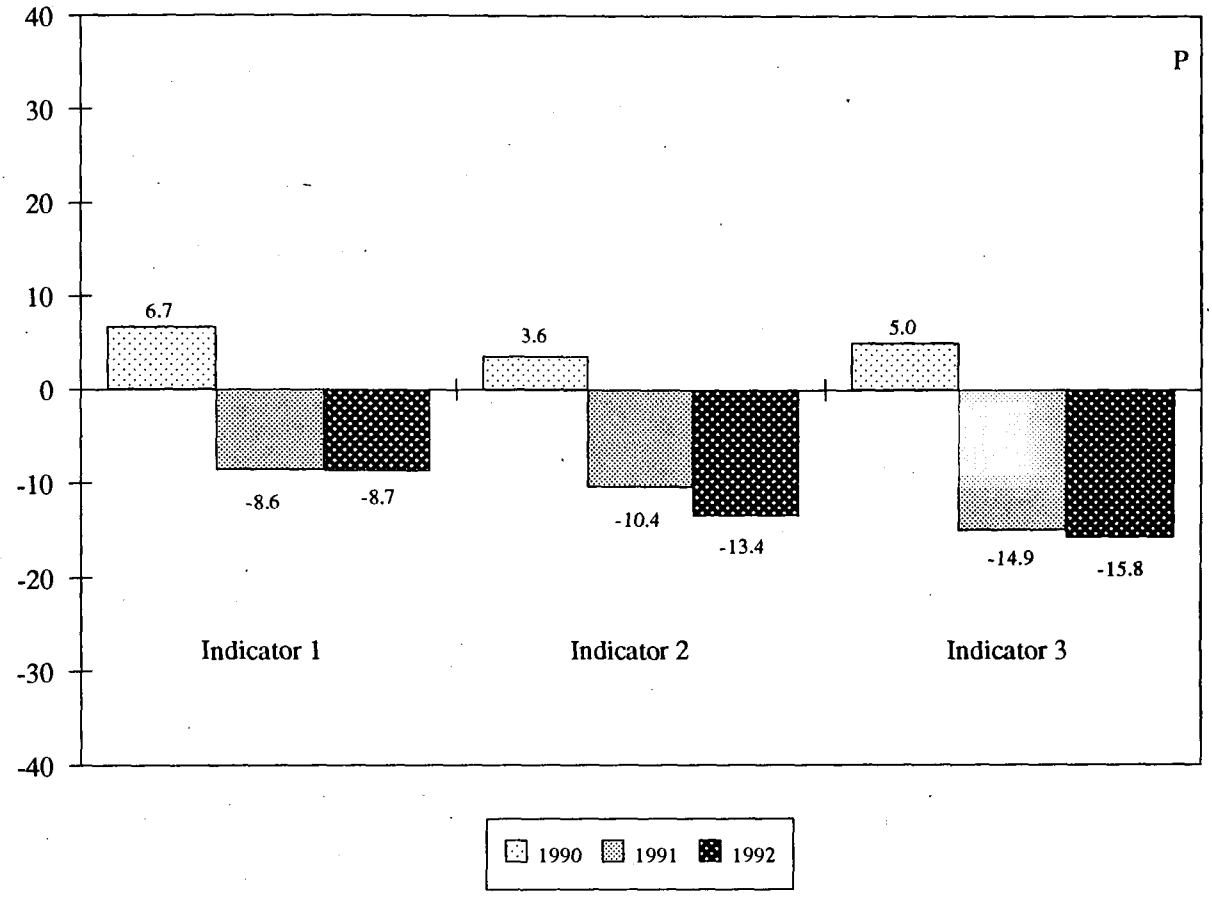
(*) The deflator is the implicit price index of GDP at market prices, + 13.1 %.

The real value of crop production was -29.6% down on the previous year, not only due to the above-mentioned decline in real prices but also resulting from a -4.1% fall in the volume. This reduction in volume was considerably influenced by the changes recorded for wine (-25.0%) and wheat (-51.0%), which plummeted due to a halving of yields rather than area sown, resulting from unfavourable climatic conditions. These shortfalls were partly overcome by the +63.1% increase in olive oil production, which conforms to the biannual cycle. Surprisingly, the real price fall for final crop output (-26.6%) was fairly uniform for individual crop products; only two products did not have a real price decrease in excess of -10.0%, and these were more minor products (pulses +9.6% and citrus fruit -3.5%).

The market for animal products was only slightly less volatile, as the real value of final animal output declined -9.7% due to the real price decrease (-11.9%) more than outweighing the rise in output volume (+2.5%). Much of this increase in volume can be attributed to the accelerated expansion of egg production (+9.1%) and an +8.0% growth in pig production volume. The real value of milk dropped -13.7%, the largest loss in the Community, in line with a similar fall for real prices.

The substantial fall in the real value of intermediate consumption (-18.7%) was not only due to the real price change (-14.8%) but also to the lower volumes used (-4.6%). The volume of plant protection products used was -17.8% down on the previous year and energy -4.1%, reflecting different impacts of the summer drought. Feedingstuffs represent about half the value of total intermediate consumption and the change in its real value (-16.0%), volume (-2.0%) and real price (-14.3%), were similar to that of total intermediate consumption.

Graph 3.11 **Evolution of the three income indicators for Portugal in 1990, 1991 and 1992 (Changes in %)**



Real subsidy rises of +16.8% combined with real tax reductions of -21.0% and lower real depreciation (-20.4%) further helped lessen the impact of the change in the real value of final output. Taking higher real interest payments (+4.0%) and a substantial reduction in the real compensation of employees (-8.2%) into account, the real net income of family labour input is set to drop -22.1%. With total agricultural labour input falling -6.5% and that of the family by -7.5%, the following indicator levels were observed:

Indicator 1: -8.7% (1991 -8.6%)

Indicator 2: -13.4% (1991 -10.4%)

Indicator 3: -15.8% (1991 -14.9%)

3.12 United Kingdom

Agricultural income in the United Kingdom, measured by real net value added per annual work unit (Indicator 1), is forecast to have risen by +2.2% in 1992, a rate quite different from the Community average (EUR 12: -3.5%). This would reverse some of the decline experienced in the preceding year (-3.1%), resulting in a cumulative -2.1% drop relative to the base year "1985".

The fall in the real value of crop products (-6.7%), brought about by a strong decline in the real price (-7.1%), was offset by a combination of a higher real value for animal production (+1.8%) and a decrease in the real value of intermediate consumption (-3.0%). As a result, gross value added at market prices in real terms remained relatively constant (-0.3%). The large reduction in real subsidies (-16.6% as against EUR 12: +10.4%) was more than compensated for by falls in real taxes linked to production (-40.1%) and

depreciation in real terms (-6.8%), so that real net value added at factor cost increased (+0.5%). Combined with a -1.7% change in total agricultural labour input, Indicator 1 rose +2.2%.

Table 3.12 Changes in the major items of the income calculation for agriculture in the United Kingdom, % change in 1992 over 1991

	Volume	Nominal price	Real price (*)	Nominal value	Real value (*)
Final crop output	**0,5**	**-2,9**	**-7,1**	**-2,4**	**-6,7**
Cereals	-6,0	5,0	0,4	-1,3	-5,7
Fresh vegetables	5,1	-10,7	-14,7	-6,2	-10,3
Final animal output	**1,9**	**4,5**	**-0,1**	**6,5**	**1,8**
Cattle	-0,9	4,9	0,3	4,0	-0,5
Pigs	-0,7	12,9	7,9	12,1	7,2
Sheep	28,5	3,5	-1,1	32,9	27,1
Poultry	-0,1	2,0	-2,5	1,9	-2,6
Milk	-0,6	5,0	0,3	4,3	-0,3
Final output	**1,4**	**1,4**	**-3,1**	**2,7**	**-1,8**
Intermediate consumption	**-1,1**	**2,5**	**-2,0**	**1,4**	**-3,0**
Gross value added at m.p.	**3,9**	**0,3**	**-4,1**	**4,3**	**-0,3**
Subsidies				-12,8	-16,6
Taxes linked to production				-37,3	-40,1
Depreciation				-2,5	-6,8
Net value added at f.c.				**5,2**	**0,5**
Rent				4,4	-0,2
Interest				-16,1	-19,8
Net income of total labour				**9,7**	**4,9**
Compensation of employees				1,4	-3,1
Net income of family labour				**15,5**	**10,4**

(*) The deflator is the implicit price index of GDP at market prices, + 4.6 %.

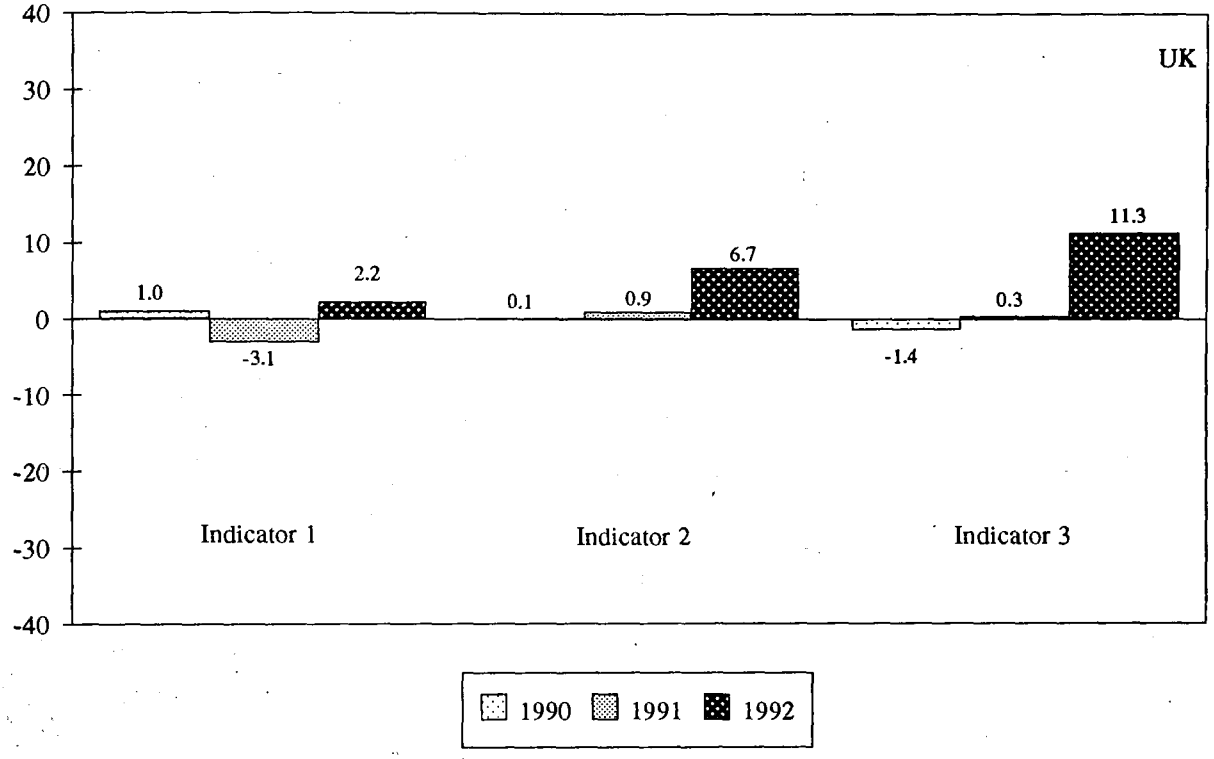
The higher real value of animal production was due to a similar figure for volume (+1.9%) since real prices remained relatively constant (-0.1%). This increase in total animal production volume was entirely due to the surge in sheep volume (+28.5%), which despite a fall in the sales of sheepmeat, rose substantially due to the number of live animals held as stocks at the end of the year. With high levels of export demand for sheep products, the real price remained roughly similar to that of the previous year (-1.1%), so that real value jumped +27.1%, which was an anomaly in the Community, where all other Member States (except Spain) experienced declines. Strong export demand was also made for certain cuts of pigmeat and live pigs, particularly from France, Germany and Ireland, and together with a slightly smaller volume (-0.7%) raised real prices (+7.9%) by more than in most other Member States (EUR 12: +0.6%), and the real value of pig production increased +7.2%. Whilst there was a fall in the volume of beef slaughtered, there was an increase in the beef breeding herd. The small overall decline in quantity (-0.9%) was reflected in a relatively constant real price (+0.3%) and value (-0.5%). Like cattle, the volume (-0.6%), real price (+0.3%) and therefore real value (-0.3%) of milk production remained relatively constant.

The real value of total crop production fell by -6.7% but at a much slower rate than the Community average (EUR 12: -10.7%). There were lower real values for most crop products in the United Kingdom, but most importantly cereals (-5.7%) and vegetables (-10.3%). The volume of cereals was -6.0% less than in the previous year, not because the area planted to cereals had been reduced but rather because wheat yields were lower. A relatively constant real price (+0.4%) for cereals did little to offset the fall in production. The real values of both vegetables (-10.3%) and fruit (-13.5%) declined, although the former at a rate no greater than the Community average, with higher volumes of production (+5.1% and +8.8% respectively) being insufficient to outweigh much lower real prices (-14.7% and -20.5% respectively).

The "price scissors" effect is expected to decline (-1.1%) in 1992, for the third consecutive year. This year's fall has arisen from a stronger nominal price increase for intermediate consumption goods (+2.5%) compared to the nominal price rise for final production (+1.4%). The productivity of intermediate consumption improved (+2.5%) at a rate slightly less than that of the previous year (+3.3%), and was

comprised of a reduction in the volume of total intermediate consumption (-1.1%) and an increase in final agricultural production volume (+1.4%). The changes to the real values of the main items of intermediate consumption (feedingstuffs, fertilizers and energy) were relatively close to their Community averages as was the real value of total intermediate consumption (-3.0% compared to EUR 12 -3.3%). The fall in the real value of final production (-1.8%) was mostly compensated for by the reduction in the real value of intermediate consumption (-3.0%).

Graph 3.12 **Evolution of the three income indicators for the United Kingdom in 1990, 1991 and 1992 (Changes in %)**



Real subsidies on products fell (-16.6%) following the large increase between 1990 and 1991. The main reason for this reduction was the ending of the sheep variable premium at the end of 1991. This lower level of subsidies was compensated for by reductions in real taxes (-40.1%), particularly those related to crop output due to a large decline in the amount paid under the co-responsibility levy, and real depreciation (-6.8%). Real "net subsidies" were -5.4% down on the previous year.

The further large fall in the real value of interest payments (-19.8%) was due to decline in the interest rate. The number of farm workers continued to decline and the real cost of hired labour decreased by -3.1%, which helped increase the real net income from agricultural activity of the family labour input by +10.4%. With further falls in the total agricultural labour input (-1.7%) and that for family labour (-0.8%), the following Indicator levels were observed:-

Indicator 1: +2.2% (1991 -3.1%)

Indicator 2: +6.7% (1991 +0.9%)

Indicator 3: +11.3% (1991 +0.3%)

4 CASH FLOW IN AGRICULTURE

4.1 Introduction

As in previous years, in addition to the normal income calculation, an analysis of the cash flow in agriculture has been carried out to describe the liquidity situation in the agricultural sector. The analysis is limited to the eight Member States which provided Eurostat with the necessary information.

The income indicators used in this report are calculated on the basis of the Economic Accounts for Agriculture. The generation of the income account is drawn up according to a method agreed by the whole Community. It includes items that do not give rise to any direct payment flow, such as changes in stocks of products[1] and fixed capital goods produced on own account (livestock and new plantings) or on the expenditure side changes in the stocks of intermediate consumption goods and depreciation of fixed capital. The income aggregates resulting from this account do not, therefore, adequately represent the variation in payment flows in agriculture.

In the cash flow account, which is compared with the generation of income account in Figure 4.1, the items mentioned above are not taken into account, as they do not give rise directly to either receipts or expenditure during the year under consideration. The account shows, for the agricultural branch, the financial resources derived from agricultural production and available for investment, repayment of loans and personal withdrawals of cash (for consumption or savings by agricultural households). In principle, the cash flow can be measured before or after the deduction of gross fixed capital formation (corrected for investment aid); the results given here are based on the first method.

The cash flow indicator covers exactly the same population as income Indicator 3 (i.e. family labour). In order to be able to compare the two, the rates of change of cash flow are also deflated by the implicit price index of gross domestic product and related to the family labour input measured in Annual Work Units (AWU) (c.f. Table 4.1).

(1) The change in stocks can be calculated as the difference between closing and opening stocks in the reference year, or as the difference between incoming and outgoing stocks during the reference year. In any case, the stocks of agricultural products which exist in the branch (i.e. in the producer's possession) are included. One might add that this relates to crop products which are harvested, wine must and wine, olive oil and livestock, i.e. changes in numbers (with the exception of animals forming part of fixed capital).

Figure 4.1 **Comparison of the construction of the cash flow account and the income account in agriculture**

Income account	Cash flow account
Final production of which: sales own consumption processing by producers fixed capital goods produced on own account changes in stocks	Receipts from production of which: sales own consumption processing by producers - -
- Value of intermediate consumption	- Expenditure on intermediate consumption
+ subsidies	+ subsidies
- Taxes linked to production	- Taxes linked to production
- Depreciation	
- Net rent and interest	- Net rent [1] and interest
- Compensation of employees	- Compensation of employees
= **Net income of family labour input**	= **Cash flow**
divided by family labour input in AWU and deflated by the implicit price index of Gross Domestic Product	divided by family labour input in AWU and deflated by the implicit price index of Gross Domestic Product
= **Income Indicator 3**	= **Cash flow indicator**

1) plus landlord's depreciation on buildings and works (in practice this concerns only the United Kingdom)

4.2 Results of the cash flow in agriculture for eight Member States

The cash flow aggregate is generally subject to annual fluctuations which are less marked than those of net family income (cf. Table 4.1). The conclusion to be drawn is that liquidity in agriculture is subject to less variation than the development of income Indictor 3 would suggest. The differences in the rates of change in the cash flow are mainly attributable to changes in stocks and depreciation, which are not included in the cash flow account but are in the generation of income account.

In the case of crop production, **changes in stocks** may at least partly offset fluctuations in production. In years when the harvest is good, stocks are built up, with the result that receipts (basically from sales) will rise to a lesser extent than the increase in production value. On the other hand, if production value falls, a reduction in stocks may balance out or attenuate any loss of receipts. The situation as regards animal production is more complex than that of crop production concerning the relative stability of the cash flow. This is mainly due to the following factors:

- changes in livestock numbers occur relatively slowly and are linked to slaughter rates;
- price trends for cattle and pigs considerably affect production decisions;
- quantities of the two main products, beef and milk, depend greatly on each other and this interdependence is reinforced by the Common Agricultural Policy.

Depreciation generally develops more evenly than aggregates which are subject to the severe short-term fluctuations inherent in agriculture (particularly production aggregates or receipts linked to production, but also subsidies and other items). Annual changes of virtually the same amplitude in absolute terms may lead to unusually high and consequently different annual rates of change if there is a small residual such as the net agricultural income of family labour. The level of depreciation and consequently its effect on the level of net income varies considerably between the Member States. In France, for instance, depreciation accounts for less than 20% of gross value added at market prices, with the result that the 1992 cash flow was only about 30% higher than net income of family labour, whereas in Germany, where depreciation accounts for over 40% of gross value added at market prices, cash flow was more than double net income.

To sum up, the 1992 cash flow indicator fell in five of the eight Member States (Belgium, France, Luxembourg, the Netherlands and Portugal). Indicator 3 developed along the same lines as the cash flow in all the Member States except for Luxembourg. Contrary to the general trend, in France and Portugal the cash flow indicator for 1992 fell by more than Indicator 3. The increase in the cash flow was highest in Ireland, followed by the United Kingdom and Germany. In these Member States the rate of change in the cash flow indicator was lower than that of the corresponding income indicator.

The absolute value of the 1992 cash flow was, as in 1991, higher than the net income of family labour in all the Member States included in the analysis. However, the difference between the two aggregates fell in six Member States (D, F, IRL, L, P and UK); this can be ascribed mainly to the drop in depreciation.

Comments are given below on the cash flow account for those Member States which sent data for 1992: Belgium, Germany, France, Ireland, Luxembourg, the Netherlands, Portugal and the United Kingdom.

After the cash flow in **Belgium** had fallen in the previous two years by -13.8% and -4.2% in real terms, a further drop is expected in 1992 (-8.1% in real terms). As in 1990 and 1991, net income of family labour fell again in 1992 in real terms (-13.1%). Since crop stocks in Belgium were not recorded, no comments can be made on the effect of changes in stocks on income. Receipts related to animal production rose by +0.5% in real terms, while the real value of production fell by -1.2%.

This development is mainly due to the cattle sector, where production- related receipts rose by +5.4% in real terms. However, as in 1991, real production value fell again (-3.9%). The reduction in the cattle population observed in 1991 thus continued and its effect on receipts and the value of animal production could not be fully offset by the increase in pig stocks (receipts +0.7% in real terms, real production value +3.9%). Most of the other items of income from animal production followed the same pattern as production values. Despite the drop in depreciation (-1.5% in real terms), which is not taken into account in the cash flow account, Indicator 3 fell more than the cash flow indicator (-9.5% and -3.8% respectively), with a drop in the family labour input (-4.0%).

According to initial estimates, the cash flow in **Germany,** deflated by the implicit price index of Gross Domestic Product, declined by -3.4% following falls of -8.9% and -5.3% in the previous two years. However, net income of family labour decreased by only -1.0% in real terms in 1992. With depreciation remaining unchanged in real terms, production-related receipts fell more than the real value of final production (-5.8% compared with -4.7%). The reasons for this lie in both crop and animal production. Receipts from crop production declined by -5.3% in real terms, while the value of crop production was only -4.1% down in real terms. This trend is primarily due to the comparatively lower receipts from cereals (-13.1% in real terms), fresh fruit (+43.1%) and wine and wine must (-2.3% in real terms), which points to an increase in stocks. Receipts from animal production fell by -6.2% in real terms, while the corresponding real production value decreased by -5.0%. This can be ascribed mainly to an increase in cattle and calf numbers, as a result of which receipts from cattle and calf production were -9.9% lower in real terms. With family labour input falling by -4.4%, the cash flow indicator rose by +1.0%. On the other hand the rate of change of Indicator 3 amounted to +3.5%. As a result, for the first time in three years, positive rates of change were recorded for both indicators.

In **France** the 1992 cash flow is estimated to have fallen by -11.4% in real terms compared with the previous year when it declined by -3.5%. Net income of family labour decreased by only around -5.9% in real terms. This marked difference is due to several factors. The real value of depreciation, which is not taken into account in the cash flow account, fell by -3.8% in 1992 and this has a positive effect on net income of family labour. Receipts from crop production fell by -14.8% in real terms (real production value -11.0%). The main reason for this is the increase in wine stocks, which led to a drop in receipts from wine production (-19.4% in real terms), while the production value of wine rose by +15.8% in real terms. The more marked drop in receipts from animal production (-1.1% in real terms, with a production value of +0.4%) is the result of an increase in cattle and pig numbers. The increase in real receipts from cattle and pig production (+1.3% and +3.4% respectively) was therefore lower than the increase in the corresponding real production values (+5.3% and +6.1% respectively). As a result of the decrease in family labour input (-3.5%), the cash flow indicator fell by -8.2% and Indicator 3 by -2.5%.

The production-based receipts in real terms were higher (+3.9%) than the real value of final production (+2.8%) in **Ireland**. With the cash flow expected to have risen (+13.5%) in real terms by a little less than the +18.7% increase in real net income of family labour, this suggests that the reason the former is lower than the latter is entirely due to the methodological differences between the two regarding depreciation. Real crop production receipts declined (-1.7%) by less than half the amount of real crop production values (-4.1%) and this was principally due to differences between the real receipts (+2.2%) and real value (-6.5%) of barley, due to a substantial run-down of stock. Animal receipts were closer to their production values, although there did appear to be some stocking of cattle, indicated by the real receipts (+1.8%) being lower than the corresponding production value (+4.4%). With a -2.6% reduction in the family labour input, the cash flow indicator was up +16.5%, which compares with an Indicator 3 level of +21.9%.

With net income of family labour rising (+0.7% in real terms) the cash flow in the agricultural sector in **Luxembourg** is expected to have fallen by -5.6% in real terms, following decreases of -11.7% and -8.0% in

the previous two years. This is mainly due to the cattle sector, which is of great importance to Luxembourg's agriculture, accounting for around 25% of final production.

Following a sharp reduction in the number of cattle in 1991 as a result of a considerable increase in the number slaughtered, in 1992 the replenishment of cattle herds began again, resulting in considerably lower real receipts from cattle production (-3.9%). However, the value of cattle production rose by +10.9% in real terms. As in Belgium, the changes in stocks of crop products are not recorded. With family labour input falling (-4.6%), the cash flow indicator fell by -1.1%, while Indicator 3 rose by +5.5%.

The decline in the real cash flow (-13.7%) in the **Netherlands** was not as pronounced as the reduction in the real net income of family labour (-20.8%). This is almost exclusively due to the methodological differences between the two; real depreciation rose +1.3%. The real total production-based receipts (-4.3%) altered little from the real total production value (-4.1%) and neither did the component parts of crop products (-8.0% in both) and therefore animal products (-0.9% and -1.1% respectively). There was some destocking of cattle, with receipts +8.9% higher than the previous year, whilst production value was limited to a +4.0% rise. Conversely, there was a small amount of pig stocking as production value remained relatively constant (-0.2%) but receipts dropped by a slightly larger -2.9%. The family labour input increased by +0.2%, the first rise for three years, and the cash flow indicator declined by -13.9% in comparison to an Indicator 3 level of -21.0%.

In **Portugal** cash flow in real terms fell by approximately -23.7%, slightly more than the drop in real net income of family labour (- 22.1%). Since the fall in the value of final production was sharper than that of production-related receipts (-19.8% compared with -18.1%), the differences between cash flow and net income of family labour are to be attributed to the fact that depreciation is not included in the cash flow account. As a result of the dramatic drop in the real value of depreciation (-20.4%), cash flow fell to a greater extent than net income of family labour. Receipts from crop production fell in real terms by -28.8% (real production value -29.6%). This was due to the combination of a number of factors. On the one hand, receipts from fresh fruit fell by more than the value of fresh fruit production (-24.4% compared with -13.2% in real terms) and receipts from olive oil rose less sharply in real terms than the real value of olive oil production (+12.0% compared with +21.4%). On the other hand, receipts from wine production rose in real terms by +5.5% as a result of a reduction in stocks (real production value -43.6%). There is no significant difference between the rate of change in production-related receipts and the production value of animal production. The only significant discrepancy is between receipts from pig production (+1.7% in real terms) and the value of pig production, which rose by +10.1% in real terms. Following the rise in the 1991 cash flow indicator by a further +2.7%, in 1992 it fell by -17.5%, with family labour input declining by -7.5%. Indicator 3 fell by -15.8% (1991: -14.9%).

The cash flow for the **United Kingdom** rose +2.9% in real terms, which was less than the +10.4% rate recorded for net income of family labour. Much of the difference between the two can be explained by the methodological difference regarding depreciation costs (-6.8% in real terms). There was little variation between the receipts from most products and their production values, but there were two notable exceptions. In the crop sector, the receipts for potatoes declined -13.9% in real terms, whereas the real production value only fell -2.8%; this reflects a large stock-up of the bumper harvest. In the animal sector, there was a big number of live sheep held as stock at the end of the year and this was reflected in the difference between the real receipts increase (+7.9%) and that of real production value (+27.1%). With the family labour input falling -0.8%, the cash flow indicator was +3.7% up on last year, which compares with an +11.3% rise in the Indicator 3 level.

Table 4.1 **Comparison of cash flow with net income for the family labour in eight Member States from 1988 to 1992, expressed as an annual percentage change, and comparison of the cash flow indicator and Indicator 3, expressed as an annual percentage change and as an absolute level.**

		Net family income (as % change per year)			Cash-Flow (as % change per year)			Cash-Flow indicator /Indicator 3	Deflator (GDP price index)	Family labour input
		Total nominal	Total real	Indicator 3	Total nominal	Total real	Indicator cash-Flow		(as % change per year)	
B	1988	6,6	5,0	8,8	2,5	1,0	4,7	1,3	1,5	-3,5
	1989	36,4	30,2	33,6	26,8	21,1	24,3	1,2	4,7	-2,5
	1990	-13,6	-16,1	-13,8	-11,2	-13,8	-11,4	1,2	3,0	-2,7
	1991	-2,9	-5,8	-2,8	-1,3	-4,2	-1,2	1,2	3,1	-3,0
	1992	-10,0	-13,1	-9,5	-4,8	-8,1	-3,8	1,1	3,6	-4,0
D	1988	44,0	37,8	45,6	15,6	13,8	16,8	1,9	1,5	-2,6
	1989	25,4	20,2	29,9	10,6	7,7	14,6	1,7	2,6	-6,0
	1990	-15,9	-17,8	-17,1	-5,8	-8,9	-7,1	1,9	3,4	-1,9
	1991	-12,4	-14,9	-11,9	-0,9	-5,3	-0,3	2,1	4,6	-5,0
	1992	3,8	-1,0	3,5	1,3	-3,4	1,0	2,0	4,9	-4,4
F	1988	-5,0	-6,4	-4,4	-3,1	-6,2	-2,5	1,4	3,3	-3,8
	1989	22,9	19,8	22,8	8,7	5,1	8,6	1,3	3,5	-3,3
	1990	4,2	0,8	4,7	8,8	5,7	9,3	1,3	3,0	-3,3
	1991	-7,8	-11,8	-7,4	-0,3	-3,5	0,0	1,4	3,3	-3,5
	1992	-3,2	-5,9	-2,5	-8,9	-11,4	-8,2	1,3	2,9	-3,5
IRL	1988	22,6	6,1	23,0	15,0	11,6	15,4	1,2	3,1	-3,3
	1989	2,5	-9,0	0,4	-2,9	-7,3	-4,9	1,1	4,7	-2,5
	1990	-5,0	-20,4	-1,6	3,1	4,4	6,7	1,2	-1,3	-2,1
	1991	-9,9	-22,3	-9,2	-5,0	-7,2	-4,2	1,2	2,5	-3,2
	1992	22,1	18,7	21,9	16,8	13,5	16,5	1,4	2,9	-2,6
L	1988	-0,5	-5,9	1,3	3,0	-0,2	5,0	1,3	3,2	-4,9
	1989	22,2	14,2	19,7	19,0	12,6	16,6	1,3	5,7	-3,4
	1990	-13,0	-18,9	-11,6	-9,9	-11,7	-8,5	1,3	2,1	-3,6
	1991	-20,6	-25,7	-18,9	-4,7	-8,0	-2,6	1,6	3,6	-5,6
	1992	2,9	0,7	5,5	-3,6	-5,6	-1,1	1,5	2,2	-4,6
NL	1988	4,4	1,1	4,4	2,9	1,0	2,9	1,4	1,9	-1,8
	1989	25,7	21,5	25,7	21,4	19,5	21,4	1,3	1,6	-1,5
	1990	-8,9	-11,6	-9,7	-4,3	-7,0	-5,1	1,4	2,9	-2,0
	1991	-1,7	-4,9	-3,2	1,6	-1,6	0,1	1,5	3,2	-1,7
	1992	-18,7	-20,8	-21,0	-11,4	-13,7	-13,9	1,2	2,7	0,2
P	1988	-17,4	-19,9	-22,7	15,7	3,6	4,8	3,8	11,6	-4,3
	1989	32,5	26,5	23,5	39,0	23,0	25,3	3,9	13,0	-5,0
	1990	10,7	12,2	5,0	0,6	-12,0	-9,7	3,3	14,3	-7,7
	1991	-2,2	-4,6	-14,9	14,4	0,0	2,7	4,0	14,3	0,5
	1992	-11,9	-22,1	-15,8	-13,7	-23,7	-17,5	2,9	13,1	-7,5
UK	1988	-16,5	-21,7	-20,8	-13,6	-19,0	-18,0	1,8	6,6	-1,2
	1989	26,5	19,3	20,5	22,5	14,6	16,7	1,8	6,9	-1,8
	1990	2,6	-4,5	-1,4	-2,3	-8,5	-6,1	1,7	6,8	-2,6
	1991	4,3	-2,8	0,3	3,9	-2,7	-0,1	1,7	6,7	-2,6
	1992	15,5	10,4	11,3	7,7	2,9	3,7	1,7	4,6	-0,8

5 LONG-TERM-TRENDS IN AGRICULTURAL INCOME IN THE COMMUNITY FROM 1980 TO 1992

The purpose of this chapter is to analyse the changes in agricultural income, measured in real terms, throughout the Community over the last twelve years, in order to identify the main trends and illustrate how the preliminary estimates of agricultural income in 1992 fit into this overall picture.

The chapter will first examine the salient long-term trends in agricultural income between "1981" and "1991"(1), before describing the changes in the three Indicators of agricultural income in the Community. There then follows an analysis of the factors determining changes in agricultural income in the period 1980-92, against the backdrop of changes to the Common Agricultural Policy (CAP), the economic environment and the overall agricultural situation (production, markets and consumption). Finally, the components of the income Indicators are examined in section 5.4.

5.1 Summary of main results

Agricultural income in the Community, measured by Indicator 1, grew by an annual average of +1.4%(2) between "1981" and "1991" (+1.2% measured by Indicators 2 and 3 respectively). This growth can be explained in the light of several factors:

- **higher agricultural productivity** thanks to technical progress and somewhat more intensive farming, which led to an increase in the volume of final production averaging +1.4% per annum;
- an **imbalance in agricultural markets**, caused by the above-mentioned increase in final production, and characterized by a structural deterioration in the balance between supply and demand (the latter displaying very little income elasticity). This was reflected in a decline in real producer prices of -3.3% per annum and an annual reduction of -2.0% in the real value of final production;
- major adjustments were made to the **CAP** during the reference period with a view to keeping agricultural production and budgetary expenditure under control. This was principally reflected in a restrictive price policy and, in the case of milk products, in a system of quotas, which finally resulted in a much more radical revision of the market mechanisms as part of the reform of the CAP decided in 1992.
- a slight **increase in the "price scissors"**(3) caused by movements in the price of intermediate consumption. When other cost items in the calculation of income are taken into account, real net value added declined by -1.8% per annum, the real net income of total labour input by -2.0% per annum and the real net income of family labour input by -2.2% per annum.
- the **decline in agricultural labour input** continued compared with the preceding two decades, albeit at a slower pace in the period under review (by an annual average of -3.1% for total labour input and -3.4% for family labour input), giving rise to a slight increase in agricultural revenue as expressed by annual work units (AWUs).

(1) "1981"= (1980+1981+1982)/3; "1991"= (1990+1991+1992)/3.

(2) All averages are calculated as geometric means.

(3) The "price scissors" is the ratio between the price index for agricultural products and the price index for intermediate consumption, in nominal terms.

Changes in income fall into **three sub-periods**:

- "1981"/"1984": after falling in 1979 and 1980 to its lowest level since 1975, agricultural income as measured by Indicator 1 rose by an annual average of +1.5% in the period from "1981" to "1984". An outstanding year was 1982, in which income grew by +10.5%.
- "1984"/"1987": agricultural income in this sub-period stagnated since Indicator 1 was stable (-0.1% per annum) with only minor fluctuations.
- "1987"/"1991": the stagnation of incomes came to an end in this sub-period. Thanks to increases in 1988 and, more particularly, 1989, which was an exceptional year (+12.0%), and despite renewed falls in 1990 and 1992, incomes grew by an annual average of +2.5%.

5.2 Presentation of long-term income trends in the Community

Net value added at factor cost and in real terms, measured in AWUs (i.e. Indicator 1 of income in the Community's agricultural sector) grew by an annual average of +1.4% between "1981" and "1991" (see table 5.1), which represents a cumulative growth of +14.8% over the period.

Table 5.1 Indicators 1, 2 and 3 of agricultural income in the Community from 1980 to 1992

	INDICATOR 1		INDICATOR 2		INDICATOR 3	
YEAR	Index	Annual variation (%)	Index	Annual variation (%)	Index	Annual variation (%)
1980	90,7	:	92,2	:	90,5	:
1981	92,6	2,1	93,0	0,8	91,3	0,9
1982	102,3	10,5	104,1	11,9	106,4	16,5
1983	98,2	-4,0	98,8	-5,1	98,4	-7,5
1984	101,8	3,7	102,6	3,9	103,5	5,1
1985	98,3	-3,4	97,7	-4,8	96,6	-6,6
1986	99,9	1,6	99,7	2,1	99,9	3,4
1987	97,4	-2,4	97,0	-2,7	96,0	-3,9
1988	100,1	2,8	99,9	2,9	99,1	3,2
1989	112,2	12,0	112,4	12,6	115,3	16,4
1990	109,0	-2,8	108,3	-3,7	109,1	-5,4
1991	111,2	2,0	110,9	2,4	111,8	2,5
1992	107,7	-3,1	106,6	-3,9	104,6	-6,5
"81"/"91"		1,4		1,2		1,2

Indicators 2 (net income from agricultural activity of total labour input in real terms, by AWU) and 3 (net income from agricultural activity of family labour input in real terms, by AWU) underwent similar changes to Indicator 1, despite their wider fluctuations (see graph 5.1). Agricultural income as expressed by Indicators 2 and 3 grew by annual averages of +1.2% and +1.2% respectively between "1981" and "1991". These Indicators are by definition subject to wider fluctuations than Indicator 1; fluctuations in production volumes and prices are the main factors affecting income aggregates. Net agricultural income, the basis for Indicators 2 and 3, is low in absolute terms and is therefore more susceptible to such fluctuations. Moreover, the items which distinguish these income aggregates from net value added are subject to fairly steady variations which tend to occur independently of short-term trends in the farming economy.

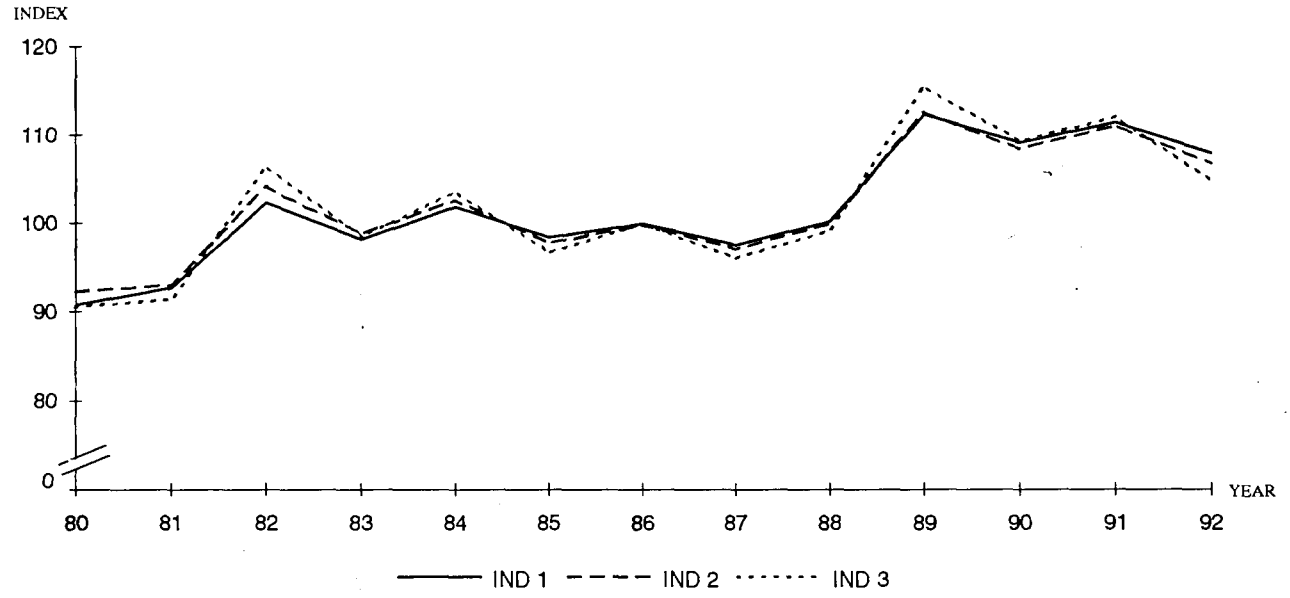
In the subsequent analysis, agricultural income is measured by Indicator 1 since the three Indicators display very similar trends (see graph 5.1). Also, Indicator 1 is the most reliable macro-economic indicator for

statistical purposes. Notwithstanding this, section 5.4.3 examines the trends in Indicators 2 and 3 in relation to the supplementary cost items attributable to them.

The period "1981"/"1991" has been divided into three sub-periods to match the three distinct phases in the development of agricultural income. The strong growth in income in sub-period 1 was partly the result of a slight tailing-off of the fall in real prices and the "price scissors" and partly of the rapid expansion in production. Sub-period 2 can be characterized by imbalances in numerous agricultural markets. These triggered an explosion of Community expenditure which led to some major changes in the CAP. These modifications are principally included in the lowering of real institutional prices and the introduction of a system of stabilizers and quotas.

This deterioration in the agricultural situation was interrupted in 1988. The reorganization of European agricultural markets, which took place against the background of a restrictive Community policy and a temporary upturn in the world markets (characterized by destocking and price rises) was conducive to a recovery in agricultural income in 1988 and 1989. This short-term improvement, which was mainly due to major price rises (particularly those of animals and animal products) was, however, partly offset by price decreases in 1990, 1991 and 1992, which led to renewed falls in income, although not to the level of "1985".

Graph 5.1 Income Indicators 1, 2 and 3 for the Community from 1980 to 1992 ("1985" =100)



Changes in the main components of Indicator 1, namely nominal and real net value added at factor cost and total labour input, are set out in graph 5.2. It is evident that:

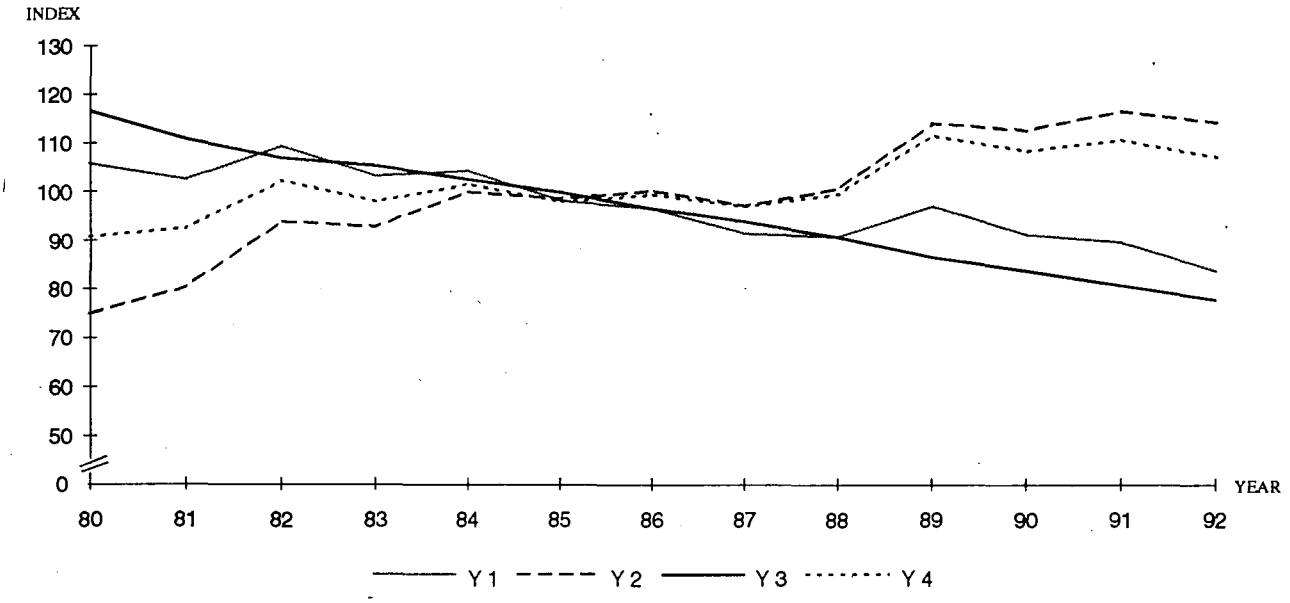
- nominal net value added increased almost every year. The increases were, however, generally below the level of inflation (average inflation in the Member States, weighted according to the value of each product or aggregate, expressed in national currencies and converted into ecus at 1985 rates(4)), with the result that real net value added declined.
- in the period under review, real net value added increased only in 1982, 1989 and, to a lesser extent, 1984. These years were marked either by exceptional harvests (1982 and 1984) or by major price rises (1989). The growth in real net value added during the 1982 and 1984 seasons corresponded to a significant growth in production volume, to a high level, whereas the large increase in 1989 resulted mainly from short-term economic (higher prices in the Community and the world markets, particularly

(4) For more details, see methodological comment A.1.4.

for animals and animal products) and structural factors (large increase in the balance of "subsidies - taxes linked to production").

- the upward trend of Indicator 1 over the decade was thus solely due to the continuing decline in agricultural labour input. Indeed, the number of AWUs fell more rapidly in real terms than agricultural net value added (-3.1% and -1.8% respectively per annum between "1981" and "1991"), thus causing Indicator 1 to rise slightly. Annual fluctuations in Indicator 1 were dictated exclusively by variations in agricultural net value added in real terms, since the decline in the number of AWUs in agriculture was steady.

Graph 5.2 **Nominal and real net value added at factor cost, total labour input and Indicator 1 in the Community from 1980 to 1992 ("1985" = 100)**



Y_1 = real net value added at factor cost
Y_2 = nominal net value added at factor cost
Y_3 = total agricultural labour input
Y_4 = real net value added at factor cost per AWU (Indicator 1)

Trends in agricultural income in individual Member States can differ significantly from trends in the Community as a whole. Whereas some Member States recorded increases in agricultural income which were well above the Community average (IRL, E), others showed a fall or stagnation (UK, I). The same is true of variations in income and trends in the three sub-periods identified for the Community. Agricultural income in some Member States (DK, D, IRL, UK) was subject to major fluctuations attributable to, among other things, specific types of production and income structure. Movements in individual Member States broadly matched the three phases identified for the Community as a whole, although in Spain income increased more or less continuously until 1991.

5.3 Factors determining changes in income

There are many factors which determine changes in income and an exhaustive examination of them is difficult. Factors such as climatic conditions and production cycles (i.e. of some animals) have no more than short-term effects on income. Any analysis of long-term changes must disregard these factors and focus on underlying trends. The structural elements include the overall agricultural environment (the CAP and the general economic situation), the state of the markets and the production process.

5.3.1 The agricultural environment

Article 39 (1b) of the Treaty of Rome states that one of the objectives of the Common Agricultural Policy is to ensure a fair standard of living for the agricultural community, in particular by increasing the earnings of persons engaged in agriculture. The regulation of markets and prices has been the main instrument of the CAP in the pursuit of that objective. The period 1980-92 saw some major changes in the management and development of the CAP. After reaching self-sufficiency for most products, the Community moved to a situation of production surpluses. This necessitated major budgetary reforms, which could not totally prevent the negative impact of the worsening markets on farm incomes. The milk sector was the first to be reformed, with the introduction in 1984 of quotas designed to stabilize the market in milk products. The reform of the CAP resulted in, among other things:

- the introduction of **stabilizers** and a guaranteed maximum quantity (GMQ), which implies that as soon as production in a particular sector exceeds a predetermined quantity, support levels are reduced automatically;
- unchanged or decreased **institutional prices**, depending on the product (average annual declines of -3.7% in real terms between 1984/85 and 1992/93), designed to send clear signals to producers;
- more flexible **intervention mechanisms** (quantitative, qualitative and time-limits) designed to make intervention less attractive as a "substitute market" and to reinstate its function as a safety net under short-term variations in production.

As the effects of these adjustments were too limited, a new reform of the CAP was agreed in 1992. Without questioning the basic principles of the CAP, which are the unity of prices, community preference and financial solidarity, this reform is centred around three measures :

- the substantial lowering of prices;
- full and lasting compensation for the effects of this decrease in incomes;
- the limitation of the use of the means of production (set-aside) and the maintenance of dairy quotas.

This reform will not commence until the start of the 1993/94 marketing year (with the exception of oilseeds) and will concern a large number of agricultural sectors (with the exception of olive-oil, sugar, fruit and vegetables as well as wine).

Changes in agricultural income therefore have to be seen in a broad economic context. The economic convulsions which affected Europe during the second oil crisis in the early 1980s gradually gave way to a recovery which was slow in the years to 1986 and more pronounced in the period to 1991, although it was insufficient to make a significant dent in unemployment. The second half of 1990 brought a sudden slowdown in economic growth as certain Member States experienced severe recession. Economic difficulties had some impact on agricultural income and the implementation of the CAP reforms, and poorer job prospects elsewhere stemmed the decline in agricultural labour input.

The monetary policies pursued by the Member States also had an impact on agricultural incomes through the development of real prices of agricultural products and of interest rates. Also, some countries tended to keep their currencies undervalued in the early 1980s. In the period which followed, the effects of the decline in inflation and the discipline of the European Monetary System combined to ensure greater stability between real exchange rates, which reduced the scope for devaluing "green" currencies and adjusting institutional prices, expressed in national currencies, to currency revaluations. Real interest rates remained slightly higher during this period.

5.3.2 The state of the markets and production processes

The strong growth in agricultural income in the 1960s and early 1970s took place in the context of a major restructuring in European agriculture, which was still not self-sufficient in many sectors. The situation then changed dramatically. Growing disparities between the production and consumption of agricultural products led to surpluses which the Community and world markets were not always able to absorb. Increased agricultural production, resulting from new technical and biological developments, led to the Community becoming self-sufficient in nearly all non-tropical agricultural products, with the exception of oilseeds, fruit, and sheepmeat. However, this led to a deterioration of agricultural markets, which had repercussions on market prices and therefore on agricultural incomes. The main products to be affected were cereals, cattle, pigs and milk.

The evolution of agricultural structures, which had undergone profound changes in the previous two decades, slowed down in the face of the harsher economic environment and imbalances in the markets. These factors acted as a brake on the modernization of agricultural holdings, the process of agricultural intensification and the decline in agricultural labour input.

5.4 Changes in income components

5.4.1 Agricultural production

The volume of agricultural output grew steadily between "1981" and "1991" by an annual average of +1.4%. Growth was concentrated in the first half of the 1980s, led by crop production (see table 5.2). The growth in the volume of crop production (+2.3% per annum) exceeded that of animal production (+0.6% per annum) during the period under review.

The price index for agricultural products fell significantly, by an annual average of -3.3% in real terms, particularly from "1984" onwards, as institutional prices declined in real terms whilst there were structural surpluses on Community and world markets. The real value of final agricultural production declined by -2.0% per annum in line with real prices and volumes. This decline, which was more marked in animal production than in crop production, was particularly pronounced between "1984" and "1987" as a result of steep falls in real prices (-4.5% per annum).

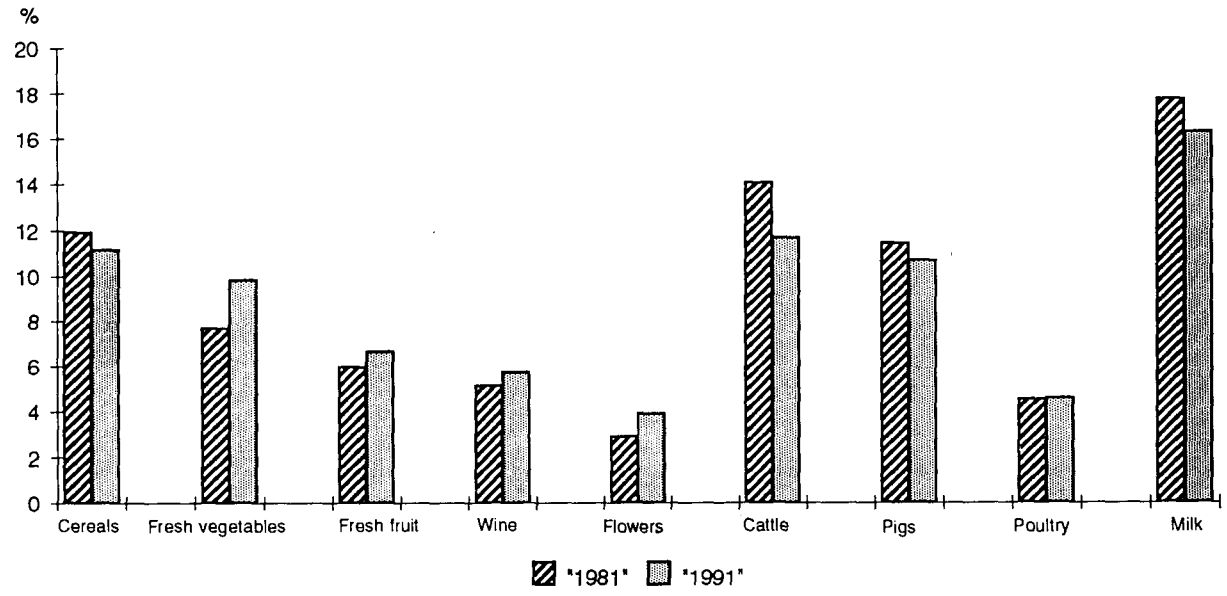
This decline in the value of production was particularly pronounced in animal production, where very weak volume growth (+0.6% per annum on average) was insufficient to compensate for a fall in real prices (-3.4% per annum), thus producing an average annual decline of -2.9% in the final real value of production. Following a period of slow growth between 1980 and 1983, the volume of animal production stayed level during the last eight years. This is particularly true of milk after the introduction of quotas, and of beef. The decline in real prices resulted from an imbalance between production and consumption, particularly of beef, the only meat whose consumption fell between "1981" and "1991".

Table 5.2 Average annual rates of change in real prices and values of crop, animal and final agricultural output in the Community during the three sub-periods, in %

	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	2,7	2,6	1,7	2,3	-2,2	-4,4	-3,0	-3,2	0,4	-1,9	-1,4	-1,0
Final animal output	1,0	0,1	0,6	0,6	-2,1	-4,7	-3,5	-3,4	-1,1	-4,6	-2,9	-2,9
Final output	1,8	1,2	1,2	1,4	-2,1	-4,5	-3,3	-3,3	-0,4	-3,3	-2,1	-2,0

NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3= "1987"/"1991" P = "1981"/"1991"

Graph 5.3 **The share of the main individual products in final agricultural production in "1981" and "1991", at current prices and exchange rates, in %**



By contrast, there were significant increases (+2.3% per annum) in the volume of crop production, which were able to compensate for much of the impact of declining real prices (-3.2% per annum) on the real value of production, which fell by -1.0% per annum. Climatic conditions were such that the growth in the volume of crop production was erratic. Strong growth was recorded in two years: in 1982, production volume grew by +9.7%, mainly due to growth in cereal production (+12.2%), fresh fruit (+16.1%), wine (+43.5%) and industrial crops (+17.8%); in 1984, cereals (+25.3%), flowers (+9.2%) and industrial crops (+25.3%) largely accounted for higher crop production volume (+7.5%).

In the light of these developments, the share of crop production in final agricultural production, measured at current prices, rose from 45% in "1981" to 50.4% in "1991", principally due to fresh vegetables, fresh fruit, wine and flowers (see graph 5.3).

a) Crop production

Cereals

Cereal production rose in volume terms, by +2.6% per annum on average, between "1981" and "1991". The rate of increase varied because of changeable climatic conditions (droughts in 1988 and 1989) and, with the exception of maize production, tended to decline towards the end of the reference period (particularly wheat and barley production). The volume increase was due to greater yields, which more than offset the smaller area under cereals.

There were fairly major declines in producer prices (-3.9% per annum in real terms) between "1981" and "1984", when markets were saturated and intervention stocks were at very high levels. The decline in real prices then accelerated (-5.3% per annum from "84" to "91") in the wake of a restrictive price and intervention policy (reduction in real support prices of -6.1% per annum between 1984/85 and 1992/93, and the introduction in 1988 of the stabilizer mechanism, which limits the price guarantee) and of growing surpluses in Community and world cereal markets.

The real value of production thus grew by +1.5% per annum during "1981" and "1984" before declining by -4.1% per annum between "1984" and "1991", giving an average annual decline of -2.4% in the period "1981"/"1991".

Root crops (sugar beet and potatoes)

The real value of root crop production fell by an annual average of -3.2% between "1981" and "1991". Production volume was stable over the decade as a whole (0.0% per annum), despite large annual fluctuations. Indeed, the volume of **sugar beet** production fell by -0.4% per annum during the period under review, whereas that of **potatoes** increased (+0.5% per annum). Real producer prices of sugar beet and potatoes declined considerably (-3.4% and -3.2% respectively per annum), particularly those of sugar beet from "1984" (-4.0% per annum) onwards.

Table 5.3 **Average annual rates of change in the volumes, real prices and real values of crop products in the Community between "1981" and "1991" over the three sub-periods, in %**

	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**2,7**	**2,6**	**1,7**	**2,3**	**-2,2**	**-4,4**	**-3,0**	**-3,2**	**0,4**	**-1,9**	**-1,4**	**-1,0**
Cereals	5,6	1,2	1,3	2,6	-3,9	-5,8	-4,8	-4,9	1,5	-4,7	-3,6	-2,4
Potatoes	-0,2	0,4	1,1	0,5	0,3	-7,5	-2,4	-3,2	0,0	-7,1	-1,3	-2,7
Sugar beet	-4,0	1,5	1,1	-0,4	-2,1	-3,9	-4,0	-3,4	-6,0	-2,4	-3,0	-3,7
Oleaginous seeds	20,1	23,8	3,6	14,2	-0,9	-8,7	-11,1	-7,4	19,0	13,0	-7,9	5,8
Fresh vegetables	1,7	1,3	2,0	1,7	-1,1	-3,0	-1,2	-1,7	0,6	-1,7	0,8	0,0
Fresh fruit	1,6	1,1	1,0	1,2	-1,8	-3,5	-3,1	-2,8	-0,3	-2,4	-2,1	-1,6
Wine	0,3	2,5	-0,2	0,8	-4,7	-3,7	1,8	-1,8	-4,4	-1,3	1,6	-1,1
Olive oil	2,8	-3,5	-0,1	-0,3	-1,3	-3,1	1,6	-0,7	1,5	-6,6	1,6	-1,0
Flowers	4,4	4,4	4,0	4,2	-1,7	-2,8	-4,1	-3,0	2,7	1,5	-0,3	1,1

NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3= "1987"/"1991" P = "1981"/"1991"

Oilseeds

The production volume of oilseeds rose rapidly until "1987" (+21.8% per annum) thanks to the introduction of the Community's production aid scheme and, to some extent, the restrictive policy in the cereals sector. The establishment of guarantee thresholds and, then, in 1992, the reform of the common organization of the market in oilseeds subsequently caused the increase in production volume to slow down. Real prices, which were fairly stable from "1981" to "1984", later fell (-7.4% per annum over the period as a whole) in line with the reduction in Community support. Despite this fall in prices, however, the real value of oilseed production grew faster than that of any other agricultural product (+5.8% per annum).

Fresh fruit and vegetables[5]

Despite their sensitivity to climatic conditions, the volume of fresh fruit and vegetables produced grew fairly constantly over the period (+1.7% and +1.2% respectively per annum). The long-term trend in real prices is one of steady decline (-1.7% per annum for fresh fruit and -2.8% for fresh vegetables), albeit less pronounced than the decline in final production prices. Therefore, whereas the real value of the production of fresh vegetables was stable (0.0% per annum), the real value of fresh fruit fell by -1.6% per annum between "1981" and "1991".

Wine

The volume of wine production increased slightly from "1981" to "1991" (+0.8% per annum), despite a Community policy whose main instruments for supporting the wine market are private storage aid and distillation subsidies. During the 1980s, Community policy was aimed at reducing the imbalance between Community wine production and falling consumption. Intervention was later supplemented by structural

(5) Including citrus fruit, tropical fruit and table grapes.

measures designed to encourage wine growers to cease production (grubbing-up). Wine prices generally fell in real terms (-1.8% per annum on average) despite a recovery which began in 1988 and continued at high levels in 1989 and 1991. The drop in real prices reflected structural overproduction in European viticulture at a time of falling consumption and triggered large-scale distillation (which regularly exceeded 20 million hectolitres for compulsory and optional distillation).

Following major falls between "1981" and "1984", the real value of wine production increased thanks to higher volumes in 1986 and 1987 and to the recovery in real prices which began in "1987". This gave an average annual decline of -1.1% per annum over the decade.

b) Animal production

Milk

Milk accounts for a larger share of total agricultural production in the Community than any other product (about 17% in 1985). The common organization of the market in milk, which operates a price and intervention system similar to that for cereals, has been conducive to a major increase in production; it rose continually between 1973 and 1983.

Beginning in 1984, there were serious imbalances in Community milk markets; supply was far greater than demand, and surpluses exceeded 10 million tonnes. To counter this situation, a system of production quotas was introduced. The consequences were a reduction in production volume and diversification into products with higher value added (cheese, fresh products). Over the decade, production volume declined by -0.6% per annum after having reached its highest level in 1983.

Over the period as a whole, the state of milk markets caused real producer prices to fall by an annual average of -2.0%, despite support given to the sector. This, plus the effect of production quotas from 1984 onwards, caused the real value of milk production to decline by -2.5% per annum.

Table 5.4 **Average annual rates of change in volumes, real prices and real values of animal output in the Community between "1981" and "1991", in %**

	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final animal output	**1,0**	**0,1**	**0,6**	**0,6**	**-2,1**	**-4,7**	**-3,5**	**-3,4**	**-1,1**	**-4,6**	**-2,9**	**-2,9**
Cattle	1,0	-0,8	0,9	0,4	-2,6	-4,7	-4,4	-4,0	-1,6	-5,5	-3,6	-3,6
Pigs	1,6	2,1	1,4	1,7	-3,0	-8,5	-1,6	-4,1	-1,5	-6,6	-0,2	-2,5
Sheep and goats	0,5	2,6	1,8	1,6	-2,5	-3,5	-7,1	-4,7	-1,9	-1,0	-5,5	-3,1
Poultry	0,3	2,9	4,1	2,6	-1,4	-6,1	-5,2	-4,3	-1,2	-3,4	-1,3	-1,9
Milk	1,2	-1,5	-1,2	-0,6	-1,1	-1,8	-2,7	-2,0	0,1	-3,3	-3,8	-2,5
Eggs	-1,2	-1,0	-0,6	-0,9	-2,2	-5,3	-3,7	-3,7	-3,3	-6,2	-4,3	-4,6

NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3= "1987"/"1991" P = "1981"/"1991"

Cattle (including calves)

Cattle production increased in volume terms by +1.0% per year between "1981" and "1984" whilst consumption remained stable, thus causing an imbalance between supply and demand. The introduction of quotas in the milk sector led to large-scale slaughtering of milk cows, this in turn compounding the imbalances in cattle markets. Cattle production declined slightly (-0.8% per annum) from "1984" to "1987" as a result of reduced cattle numbers, before recovering by an annual average of +0.9% from "1987" to "1991". Over the period as a whole, cattle production was fairly stable (+0.4% per annum). Real prices declined by -4.0% per annum between "1981" and "1991". Market surpluses, combined with a steady

decline in beef and veal consumption, had an adverse effect on prices. The upturn in the markets, recorded in 1988 and 1989, was no more than a short-term adjustment.

The slight increase in production volume and the sharp decline in real prices were reflected in a decrease in the real value of production (-3.6% per annum on average).

Pigs

The volume of pig production rose almost uninterruptedly from "1981" to "1991", by an annual average of +1.7%. There was a slight decline in 1988/89, brought about by the fall in prices in the wake of the swine fever crisis and the downward phase of the pig production cycle. The pig sector is assisted by price support and intervention measures, but not by guaranteed prices. Real producer prices declined by -4.1% per year between "1981" and "1991". The falls were particularly severe from 1986 to 1988, during the swine fever crisis. Prices rallied in 1989 (owing to reduced supply and sustained demand), only to decline again in 1991 and 1991. This sharp drop in real prices caused the real value of production to fall by -2.5% per year over the period as a whole.

5.4.2 Intermediate consumption

Between "1981" and "1991", the volume of intermediate consumption grew by an annual average of +0.8%. Real prices declined by -0.3% per annum between "1981" and "1984". The decline accelerated in 1986 and 1987, in line with world prices for agricultural commodities, the weaker dollar and lower oil prices. Despite a slight slowdown in the subsequent period, prices declined by an annual average of -2.8% over the period "1981"/"1991". With the growth in consumption remaining relatively stable in real terms, the real value of intermediate consumption moved in parallel with real prices, showing an average annual decline of -2.0% over the period under review.

Table 5.5 Average annual rates of change in volumes, real prices and real values of intermediate consumption in the Community from "1981" to "1991", in %

	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Intermediate consumption	**1,0**	**1,2**	**0,5**	**0,8**	**-0,3**	**-5,3**	**-2,8**	**-2,8**	**0,7**	**-4,2**	**-2,3**	**-2,0**
Energy	-0,1	2,5	1,0	1,1	1,0	-11,9	-1,0	-3,8	0,9	-9,7	-0,1	-2,8
Fertilizers	0,9	0,6	-2,4	-0,5	-1,5	-7,4	-4,8	-4,6	-0,6	-6,9	-7,1	-5,1
Plant protection products	4,6	4,2	1,7	3,3	0,0	-2,3	-1,6	-1,4	4,6	1,8	0,0	1,9
Feedingstuffs	0,9	0,6	0,5	0,7	-0,9	-6,4	-4,7	-4,1	-0,1	-5,9	-4,2	-3,5
Material and small tools	-0,2	-0,4	0,0	-0,2	0,9	0,0	-0,4	0,1	0,7	-0,4	-0,4	-0,1
Services	0,5	1,7	1,0	1,1	1,0	-0,6	-0,2	0,1	1,5	1,1	0,9	1,1

NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3= "1987"/"1991" P = "1981"/"1991"

Although animal feedingstuffs were consistently the largest item of intermediate consumption, their share declined from 44% in "1981" to 40% in "1991". This decline was only marginally related to the lower share of animal production in total agricultural production. The main reason was the large fall in the real prices of animal feedingstuffs. The proportion of intermediate consumption accounted for by energy and services rose over the decade, suggesting continued agricultural intensification and technological development.

a) Fertilizers and additives

There was a very slight decline in the volume of fertilizers and soil additives consumed over the reference period (-0.5% per annum), although this reduction conceals large fluctuations since it resulted from a slight rise until 1987 and then a sharp fall in 1991 and 1992. Fertilizer prices decreased in real terms by an annual average of -4.6%. The decline was particularly steep from "1984" to "1987" (-7.4% per annum), because of

falling energy prices (especially of crude oil), the weaker dollar and tougher competition on the European market. The small reduction in the volume of fertilizers, combined with a sharp fall in prices, depressed the real value of fertilizer consumption by an annual average of -5.1% from "1981" to "1991".

b) Energy, small tools, services and plant protection products

Energy prices fell back slightly in real terms until 1986, before nose-diving in the period to 1989 as a result of the weaker dollar and declining oil prices. Over the period as a whole, real prices went down by an average of -3.8% per annum. Agricultural producers used particularly more energy in the period from 1986 (by an average of +1.1% per annum from "1981" to "1991") because of falling prices. The volume of appliances and small tools used fell very slightly over the period under review (-0.2% per annum), while prices remained relatively stable (+0.1%). The volume of services rose slightly from "1981" to "1991" (+1.1% per annum), whilst their real prices were stable (+0.1% per annum). The volume of plant protection products developed strongly by an average of +3.3% per annum from "1981" to "1991", this being related to a decline in real prices (-1.4% per annum).

c) Animal feedingstuffs

The consumption of animal feedingstuffs grew in volume terms by an annual average of +0.7% over the period "1981"/"1991". This was despite a slight decline in 1984 and 1985, which can be attributed to higher feedingstuff prices in those two years and to the sharp reduction in the milk herd following the introduction of quotas. The price of feedingstuffs fell in real terms in 1986 and 1987 in line with world commodity prices (particularly soya, manioc and other substitute feedingstuffs) and the weaker dollar. This trend was set to continue, despite a slight correction in 1988 and 1989 due, in part, to the drought in the United States. Over the period "1981"/"1991", real prices declined by an annual average of -4.1%. This decline and the slight increase in volume combined to give an annual average fall of -3.5% in the real value of feedingstuffs.

d) Productivity of intermediate consumption and the "price scissors"

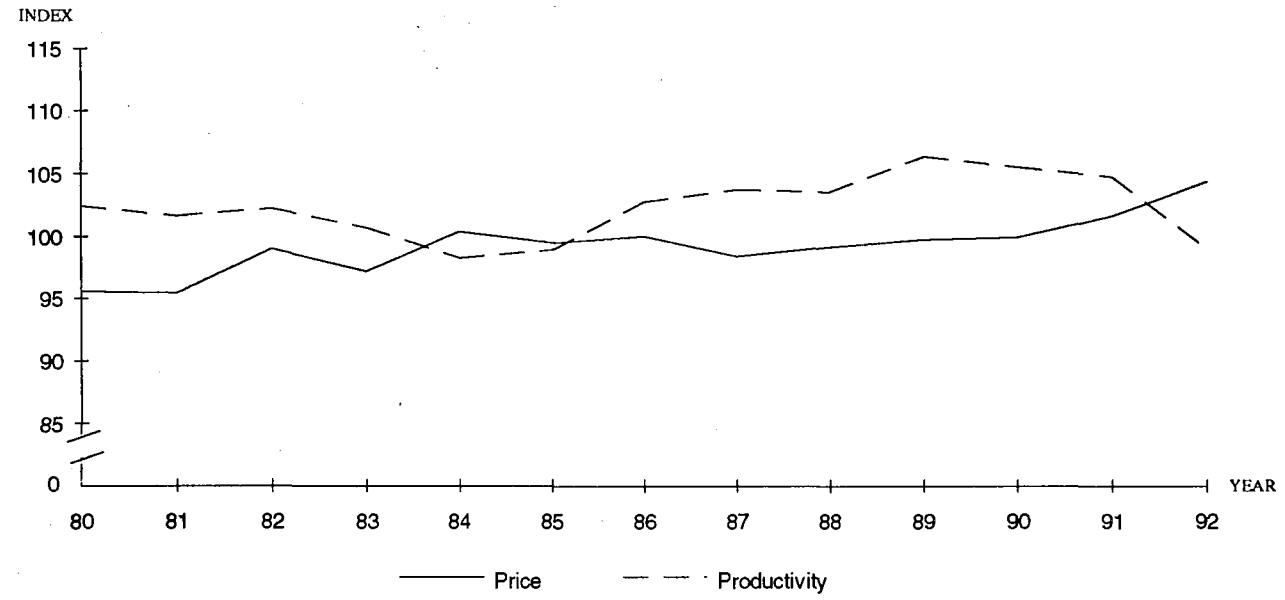
Agricultural production and intermediate consumption have both been examined separately. The following is a comparison of changes in volumes and prices. The productivity of intermediate consumption is defined for present purposes as the ratio between the volume of production and the volume of intermediate consumption. Similarly, the "price scissors" are the ratio between the producer price index and the price index of intermediate consumption, in nominal terms.

Between "1981" and "1984", agricultural production grew more rapidly in volume terms than intermediate consumption. This resulted in a slight increase in the productivity of intermediate consumption (see graph 5.4). The productivity ratio was stable from "1984", which was surprising in view of the decline in the share of total production accounted for by animal production.

The results obtained during the second half of the 1980s would appear to indicate that the productivity of intermediate consumption may have reached its upper limit given the current state of technology. In order to produce more, European agriculture would require even more inputs. It would appear that animal production is largely responsible for the unchanged productivity ratio of intermediate consumption. Indeed, the cost of animal feedingstuffs can be attributed to animal consumption. The volume of feedingstuffs consumed grew fairly steadily from "1984" to "1991", whereas the volume of animal production remained constant over the same period. During the last five years of the period under review, the prices of animal feedingstuffs, which represent slightly more than 40% of intermediate consumption in EUR 12, declined continuously (-5.4% per annum). This may have caused the consumption of feedingstuffs to rise, yet without triggering a proportional increase in production. Lower prices may have given rise to purchases of feedingstuffs in sectors other than agriculture (i.e. feedingstuffs not produced on agricultural holdings within the meaning of

the methodology of the Economic Accounts for Agriculture (EAA)). This may have been taken into account in the EAA, unlike feedingstuffs produced on the "national farms".

Graph 5.4 **Development of the productivity of intermediate consumption and of the "price scissors" in the Community between "1981" and "1991" ("1985" = 100)**



Changes in this indicator of productivity must, however, be interpreted with care:

- this productivity ratio must be examined in a long-term perspective, since it is fairly sensitive to short-term changes, particularly climatic factors, which can have a significant effect on production volume. Nor can this measure of productivity be compared with productivity as defined in other economic sectors. The productivity of intermediate consumption concerns only one factor of production. All the variations in production which can stem from other factors (technological progress, etc.) are thus attributed to intermediate consumption.
- intra-sector consumption in agriculture causes some distortion. It is not covered by the EAA (see above) and can lead to underestimates of the real level of intermediate consumption. The productivity ratio of intermediate consumption can therefore vary from one Member State to another (depending on the relative importance of animal production and fodder production) and can be affected by climatic conditions and the supply of and demand for substitution products (i.e. products purchased in sectors other than agriculture).

The "price scissors" declined from "1981" to "1984" (-0.9% per annum), thereby continuing the steady deterioration which had taken place in most Member States since 1975, but staged a recovery starting in "1984" (+0.6% per annum from "1984" to "1991"). Nominal prices of agricultural production increased by +1.6% per year from "1984" to "1991", while those for intermediate consumption rose by only +1.0% per annum. This is particularly due to energy, animal feedingstuffs and fertilizers, the prices of which fell considerably from 1986 in the wake of lower oil prices, a weaker dollar and the decline in world prices for agricultural commodities. Over the period as a whole, therefore, the "price scissors" slightly increased (+0.1% per annum)[6].

(6) However, when this ratio is expressed in real terms, an opposite development becomes apparent (decrease of -0.5% per year) because of a more rapid decline in real prices of agricultural output (-3.3% per year) than in those of intermediate consumption (-2.8%). These two ratios diverge because of the more important weighting of high inflation countries (particularly Italy and Greece) in the output price index than in the intermediate consumption price index, in which northern European countries with moderate inflation rates have greater weight.

5.4.3 Other components of income

It must be stressed that the **subsidies** covered by the EAA are only those which consist in direct transfers to agriculture, i.e. not price support, investment grants, or aid given to the buyers of agricultural products, which are more or less reflected in prices. As a result, neither the level nor the trend of subsidies within the meaning of the EAA reflects the overall aid received by the agricultural sector in the Community. These subsidies, which regularly increased by +6.7% per annum in real terms, accounted for a growing share of the value of final agricultural production, rising from 3% in "1981" to 7% in "1991". The amount of **taxes linked to production** also increased, albeit at a slower rate (+0.3%) than subsidies, and this reinforced the impact of subsidies on income.

It should be pointed out that these items reflect widely varying conditions in different Member States. Indeed, the system and extent of agricultural support and disparate methodologies have caused considerable variations between Member States. Some care therefore has to be taken when examining the absolute value of these items, although the balance (subsidies less taxes linked to production) reflects the growing support given to agriculture in the form of direct transfers to producers. The balance represented nearly 11% of net value added at factor cost in "1991" (compared with 3% in "1981"). The result was that annual variations in "net subsidies" had a major impact on net value added and income aggregates, particularly during periods of income stability (e.g. 1983, 1985, 1986, 1987).

Table 5.6 **Annual average rate of variation in the components of indicators of agricultural income in the Community, from "1981" to "1991", over three sub-periods, and changes in the share of each component as a percentage of final output**

	Real value				as % of final output	
	SSP1	SSP2	SSP3	P	"1981"	"1991"
Final output	**-0,4**	**-3,3**	**-2,1**	**-2,0**	**100,0**	**100,0**
Intermediate consumption	**0,7**	**-4,2**	**-2,3**	**-2,0**	**44,2**	**43,9**
Gross value added at m.p.	**-1,2**	**-2,6**	**-2,0**	**-1,9**	**55,8**	**56,1**
Subsidies	8,0	5,1	6,9	6,7	2,8	6,6
Taxes linked to production	3,1	5,0	-5,2	0,3	1,4	1,2
Depreciation	0,8	0,4	-0,3	0,2	10,5	13,2
Net value added at f.c.	**-1,2**	**-3,0**	**-1,3**	**-1,8**	**46,7**	**47,8**
Rent	-1,2	-1,7	-2,1	-1,7	2,1	2,1
Interest	1,2	-2,3	-0,3	-0,5	5,6	6,5
Net income of total labour	**-1,5**	**-3,1**	**-1,4**	**-2,0**	**39,1**	**39,2**
Compensation of employees	-1,6	-2,1	-0,7	-1,4	10,0	10,6
Net income of family labour	**-1,5**	**-3,5**	**-1,6**	**-2,2**	**29,2**	**28,6**

NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3= "1987"/"1991" P = "1981"/"1991"

The real value of **depreciation** increased slightly between "1981" and "1984" (+0.8% per annum) before stabilizing (+0.1% per annum). Nevertheless, the share of depreciation in the value of total production was on an upward trend from 1985 (10.5% in "1981" and 13.2% in "1991"), which might reflect renewed increases in capitalization costs in the sector and, more generally, costs linked to the intensity of the production process.

It is not possible to interpret the development of **net value added** in relation to a specific type of production, because intermediate consumption, subsidies, taxes linked to production and depreciation are not broken down along these lines. Real net value added declined by an annual average of -1.8% between "1981" and "1991". This decline was particularly pronounced between "1984" and "1987", when the real value of final

agricultural production slid (-3.3% per annum) in line with the fall in the real prices of products (cereals, root crops, oilseeds, fresh fruit, cattle and pigs).

The share of **interest, rent and compensation of employees** in final agricultural production was broadly unchanged from "1981" to "1991" at about 6%, 2% and 10% respectively (about 13%, 5% and 21% respectively in terms of net value added at factor cost). The stability of these figures confirms that these components had little impact on net income in the Community as a whole (although this may not be true of individual Member States). In real terms, their costs fell by -0.5%, -1.7% and -1.4% respectively per annum over the period "1981"/"1991".

Real net incomes of total labour input and family labour input moved in line with real net value added at factor cost, falling by -2.0% and -2.2% respectively per annum over the period under review. Therefore, when the decline in total labour input (-3.1% per annum) and in family labour input (-3.4% per annum) is taken into account, Indicators 2 and 3 of agricultural income rose by +1.2% per annum on average. These figures, which are similar to the corresponding figure for Indicator 1, underline once again the weak long-term impact of interest costs, rent and compensation of employees on the average changes in Indicators 2 and 3 in the Community as a whole (at a time when reductions in total labour input and in family labour input are very similar).

6 LONG-TERM TRENDS IN AGRICULTURAL INCOME IN THE COMMUNITY MEMBER STATES FROM 1980 TO 1992

6.1 Introduction

The trend in agricultural income in the Community Member States differed considerably in the period "1981"/"1991". Specific scrutiny of agricultural income in each Member State is based on the division of the reference period into three phases adopted in Chapter 5. The different trends recorded mainly stem from the intensity of each of these phases in each Member State and from factors such as the individual climatic conditions and consequent specific production, production techniques and structures, as well as the internal market situation subject to the supply and demand structure of each country. Nonetheless, European policy of support and intervention in the agricultural sector, as well as the main trends of the agricultural markets in the Community, can be traced in all Member States with differing time-scales as far as their influence on agricultural income is concerned.

Real net value added at factor cost per AWU, i.e. Indicator 1, had highly divergent trends for "1981"/"1991" (cf. Table 6.1): Spain (+4.0%) and Ireland (+4.0%) had the sharpest increases. Italy (-1.0%) was the only country to record falling income in the Community. Income in some cases fluctuated sharply, as in Denmark, where the annual rate of increase moved from +6.3% from "1981" to "1984" to -1.4% from "1984" to "1987".

Table 6.1 Indices of real net value added at factor cost per annual work unit (Indicator 1)

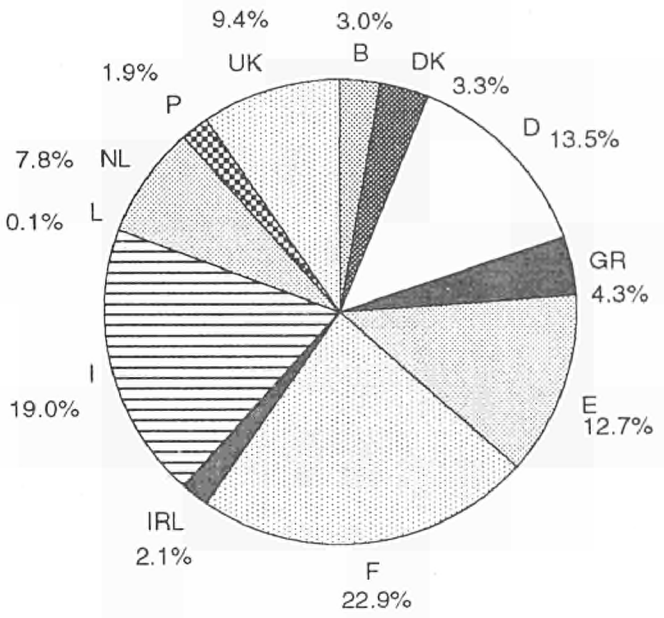
	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
"1981"/"1984"	3,4	6,3	-0,9	0,2	5,0	1,5	4,4	-0,9	5,1	3,1	1,0	0,3	1,5
"1984"/"1987"	-2,9	-1,4	2,0	2,6	3,4	0,1	1,8	-2,7	2,8	-1,5	-1,1	-1,9	-0,1
"1987"/"1991"	3,4	-0,9	2,6	3,0	3,7	3,9	5,3	0,1	0,3	0,6	0,2	1,2	2,5
"1981"/"1991"	1,5	1,0	1,4	2,0	4,0	2,0	4,0	-1,0	2,5	0,7	0,1	0,0	1,4

The Member States' share in final agricultural Community production only changed slightly in the 1980s. France occupied the first place in "1991" with 22.9% of total Community production (cf. Graph 6.1), followed by Italy (19.0%) and Germany (13.5%). The only notable changes were Spain, whose share increased considerably (12.7% in "1991"), and the United Kingdom, with the steepest decline (9.4% in "1991").

The trend of final agricultural production in the Community, which is characterized by a rise in volume (+1.4% per year) accompanied by an annual fall in real prices of -3.3%, can be found in all Member States to varying degrees (cf. Table 6.2). For example, whilst three countries recorded an annual increase in their final production volume of over +2.0% (Ireland, Netherlands and Portugal) and Luxembourg, Germany, Greece and Italy recorded an increase of less than +1.0% per year, the production of the five other Member States (B, DK, E, F, and UK) kept close to the Community average. Real prices fell slightly in Greece and Luxembourg (-1.3% per year for both countries). The fall in real prices varied between -2.2% and -4.0% for the other Member States, except Portugal and Denmark, where it exceeded -4.0% per year. These trends led to a decline in the real value of total production in 11 countries, especially in Italy, Germany, Portugal, the

United Kingdom and Denmark, where it was over -2.0% per year. Only the Netherlands recorded an increase of real final production value (+0.3% per year).

Graph 6.1 **Member States' share (in values) of total production in "1991"**



The average decline in the real value of production in EUR 12 (-2.0%) was slightly offset by a fall in the real value of intermediate consumption of -2.0% per year, the gross value added at market prices declining by -1.9%. The increase in the use of intermediate consumption for the Community (+0.8% per year, with increases in all countries except Germany and the United Kingdom) is less steep in volume terms than for final production, thus automatically resulting in a slight increase in productivity (+0.6% per year). This productivity is also positive in eight countries, but negative in Greece, Spain, Italy and Luxembourg. The fall in the real prices of intermediate consumption can be traced in all Member States (but to a lesser degree than for the prices of final production) and reaches -2.8% as an annual average for the Community as a whole. The "price scissors" increased by an average of +0.1% per year for the Community (and more specifically four Member States).

Table 6.2 **Average annual rates of change in the real value of final production and intermediate consumption in agriculture, in the productivity of intermediate consumption and in the "price scissors"(*) from "1981" to "1991", in %**

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
Final production													
Volume	2,0	1,9	0,6	0,8	1,9	1,7	2,7	0,8	0,3	2,6	2,1	1,1	1,4
Price	-2,6	-4,2	-3,9	-1,3	-3,1	-3,0	-3,2	-4,0	-1,3	-2,2	-5,0	-3,5	-3,3
Value	-0,7	-2,4	-3,3	-0,5	-1,3	-1,3	-0,6	-3,3	-1,0	0,3	-2,9	-2,5	-2,0
Intermediate consumption													
Volume	1,9	0,3	-0,7	1,4	2,0	1,3	1,8	0,9	1,9	1,9	0,8	-0,1	0,8
Price	-2,7	-3,3	-3,2	-1,0	-2,7	-2,2	-2,9	-4,7	-1,7	-2,3	-2,3	-2,4	-2,8
Value	-0,9	-2,9	-3,9	0,3	-0,7	-1,0	-1,1	-3,8	0,2	-0,5	-1,5	-2,5	-2,0
Productivity of Intermediate consumption	0,1	1,6	1,3	-0,6	-0,1	0,4	0,9	-0,1	-1,6	0,7	1,4	1,2	0,6
"Price scissors"	0,1	-1,0	-0,8	-0,2	-0,5	-0,8	-0,3	0,7	0,5	0,1	-2,7	-1,1	0,1

* see para. 5.4.2 d, note 6

The real value of intermediate consumption increased slightly in Greece and Luxembourg but fell slightly in four Member States (B, E, F, NL), more steeply in three Member States (DK, D and I).

The labour input in Community agriculture fell in the 1980s at an average rate of -3.1% per year (cf. Table 6.3). In Spain and Luxembourg the rate of fall was especially high (-4.9% and -4.0% per year), whereas it remained relatively small in the Netherlands (-0.6%). The decline in agricultural labour input accelerated in the second part of the period, especially in Belgium, Germany, Greece, Ireland, Italy and the United Kingdom.

Table 6.3 Average annual rates of change in total labour input in agriculture, in %

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
"1981"/"1984"	-1,4	-3,2	-2,0	-0,6	-4,4	-2,9	-1,0	-2,2	-4,5	-0,5	-3,9	-1,2	-2,7
"1984"/"1987"	-2,0	-4,0	-2,4	-2,4	-4,7	-3,5	-2,4	-2,3	-4,0	-0,9	-2,1	-1,8	-2,9
"1987"/"1991"	-2,8	-3,3	-4,1	-2,4	-5,4	-3,6	-2,6	-3,4	-3,6	-0,5	-3,9	-2,3	-3,6
"1981"/"1991"	-2,2	-3,5	-3,0	-1,9	-4,9	-3,4	-2,1	-2,7	-4,0	-0,6	-3,3	-1,8	-3,1

6.2 Belgium

The development of agricultural income in Belgium, as measured by Indicator 1, is very slightly above the European average with a real annual average growth of +1.5% over the reference period "1981"/"1991". As in other Member States, three phases may be distinguished: a rise from 1980 to 1983, a falling-off and decline from 1984 to 1987 and then a slight pick-up from 1988 to 1992. Nevertheless, each of these phases is much more pronounced in Belgium; from "1981" to "1984", for example, income went up considerably (+3.4% per annum) as a consequence of higher real agricultural prices (+0.7% per year), this being partly due to more favourable Community policies and a downward movement of the Belgian franc. From "1984" to "1987", agricultural income fell by -2.9% per annum on average, the rise in production (+2.5%) not being sufficient to offset a major fall in real prices (-5.7%). The period "1987"/"1991" saw a major increase in income (+3.4% per year) but this rise was very irregular; on the one hand, income went up rapidly in 1988 and 1989, principally because of higher agricultural prices (particularly for cattle, pigs and milk), which profited from the readjustment of Community agricultural markets following a more restrictive agricultural policy, and more favourable world markets conditions, but on the other, the years 1990, 1991 and 1992 were particularly bad in certain sectors (particularly cattle and milk).

Over the entire period "1981"/"1991", the fall in real prices is less marked than in the other Member States (-2.6% per year) and the increase in production volume is slightly above the Community average (+2.0% per year), despite a slight slowing-down from "1987" to "1991". Animal production represents approximately two thirds of total agricultural production (principally pigs, cattle and milk), with fresh vegetables being the major item of crop production.

The growth in production volume was mainly due to crop products during the first two sub-periods (+2.4%), when cereals, potatoes and fresh vegetables had high annual rates of growth (+3.2%, +4.2% and +4.7% respectively). After having increased from "1981" to "1984" (+2.0%), the real price of fresh vegetables declined, particularly from "1984" to "1987" (-5.2%) and then less dramatically through to "1991" (-2.1%), whereupon there was a major rise in 1991. The real value of fresh vegetable production rose (although by irregular amounts) at an annual rate of +2.5% for the whole of the period.

After having remained at almost constant levels from "1981" to "1984" (+0.2%), pig production increased steeply in volume during the second half of the decade (+3.1% per year from "1984" to "1991"), despite a

fall of -11.2% in 1991 following the swine fever which led to massive slaughtering. Real prices fell overall during the period "1981/1991" (-3.1% per year), particularly from "1984" to "1987" (-9.3% per year). Milk production was more or less maintained at a level in volume terms from 1980 to 1987, but fell from 1988 (-0.8% per year over the entire period). There was a slowly declining trend in real milk prices (-1.3% per annum on average) from "1981" to "1991". The short term rises of 1988 and 1989 (lower production volume and lower surpluses on the market) were offset by the falls of 1991 and 1992. Cattle production, the volume of which had been somewhat restricted from "1984" to "1987" (+1.6%) by milk quotas, went up by +2.4% per year over the whole period. The real price of cattle fell regularly (-3.6% per annum from "1981" to "1991") except for the years 1981, 1982, 1989 and 1992, because of surplus supply on the market and a continued decline in consumption (particularly in 1991 and 1992).

Table 6.4 **Annual average rates of change for production volume, real prices and real value of agricultural products in Belgium from "1981" to "1991", in % terms**

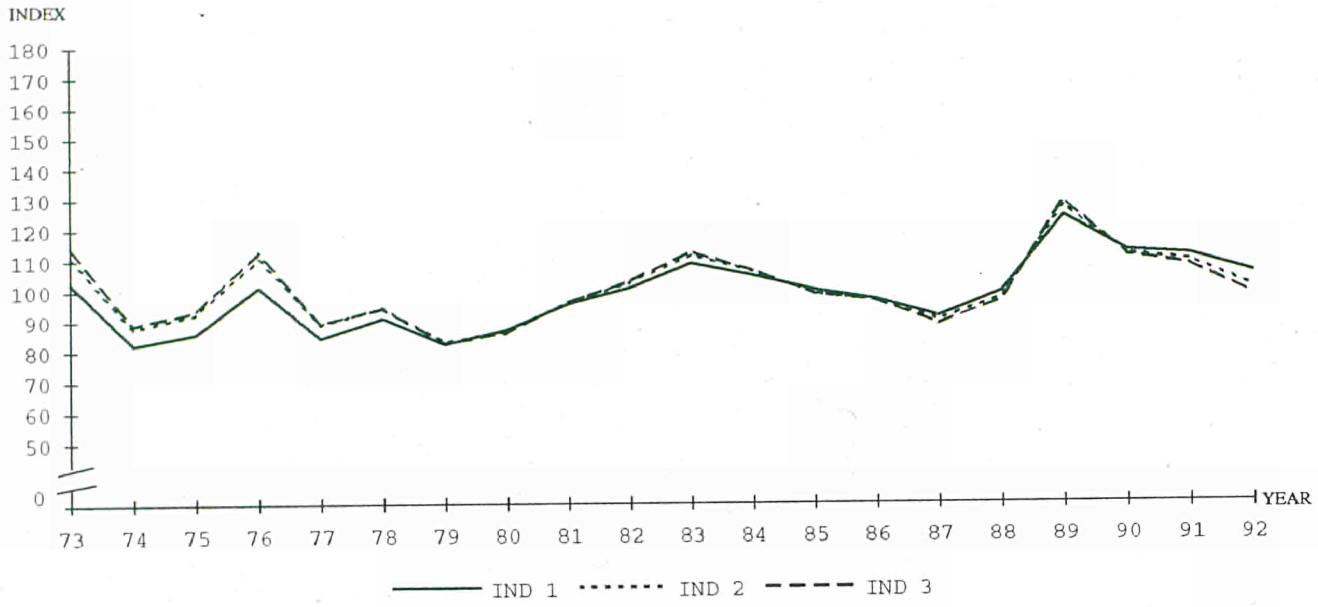
	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**1,6**	**3,2**	**3,3**	**2,8**	**1,7**	**-5,1**	**-2,7**	**-2,1**	**3,4**	**-2,0**	**0,4**	**0,6**
Cereals	4,9	1,5	-1,3	1,4	-1,6	-6,1	-5,3	-4,5	3,2	-4,7	-6,5	-3,2
Potatoes	1,3	7,1	10,4	6,6	4,5	-15,3	-5,6	-5,8	5,9	-9,2	4,2	0,5
Fresh vegetables	4,0	5,4	4,0	4,4	2,0	-5,2	-2,1	-1,8	6,1	-0,1	1,9	2,5
Final animal output	**1,5**	**2,2**	**1,0**	**1,5**	**0,2**	**-6,1**	**-2,7**	**-2,9**	**1,7**	**-4,1**	**-1,7**	**-1,4**
Cattle	4,2	1,6	1,7	2,4	-1,0	-6,1	-3,6	-3,6	3,2	-4,6	-1,9	-1,2
Pigs	0,2	4,9	1,2	2,0	-0,5	-9,3	-0,1	-3,1	-0,3	-4,8	1,1	-1,1
Milk	0,4	-0,5	-1,9	-0,8	1,5	-1,5	-3,2	-1,3	1,9	-2,0	-5,0	-2,1
Final output	**1,5**	**2,5**	**1,9**	**2,0**	**0,7**	**-5,7**	**-2,8**	**-2,6**	**2,3**	**-3,3**	**-0,9**	**-0,7**
Intermediate consumption	**1,0**	**3,4**	**1,4**	**1,9**	**1,4**	**-6,2**	**-3,0**	**-2,7**	**2,4**	**-3,0**	**-1,7**	**-0,9**
Gross value added at m.p.	**2,3**	**1,3**	**2,7**	**2,2**	**-0,3**	**-5,0**	**-2,4**	**-2,6**	**2,0**	**-3,8**	**0,2**	**-0,5**
Subsidies									1,7	-1,7	5,5	2,2
Taxes linked to production									8,6	13,0	2,5	7,4
Depreciation									1,5	2,4	0,6	1,4
Net value added at f.c.									**2,0**	**-4,9**	**0,5**	**-0,7**
Rent									-3,3	-0,9	-2,0	-2,1
Interest									3,4	-2,2	3,2	1,6
Net income of total labour									**2,1**	**-5,6**	**0,2**	**-1,0**
Compensation of employees									4,3	3,6	3,3	3,7
Net income of family labour									**2,0**	**-6,3**	**-0,1**	**-1,4**

NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3= "1987"/"1991" P = "1981"/"1991"

The growth in intermediate consumption volume (+1.9% per annum on average) remains lower than the development of final production volume, thus leading to a small rise in productivity (+0.1% per year), which was mainly due to the costs of animal production. It would therefore seem that there was a measure of continuity in the intensification of production. The real price of intermediate consumption fell by -2.7%, which resulted in a tiny improvement in the "price scissors" (+0.1% per year).

The share of intermediate consumption in final production was high (58% compared with 44% for EUR 12). The extensive use of these items appears to have offset a limited capital investment level; this development is reflected in the depreciation and interest charges, whose share in total production is only 7% and 5% respectively (lower than for EUR 12) despite increasing +1.4% and +1.6% per year. The share of subsidies in total production remained fairly stable and limited, despite a short-term increase in 1991 (compensation for the massive slaughtering following swine fever). Taxes linked to production went up regularly. The level of net income in final production is lower than in the other Member States at 28% (compared with 39% for EUR 12). The total labour input in agriculture declined (-2.2% from "1981" to "1991") at a slow rate from "1981" to "1985" but more rapidly from "1985" to "1991" (following the slowing-down of agricultural activity), thus permitting agricultural income (measured in AWU terms) to rise.

Graph 6.2 **Development of the three indicators of agricultural income in Belgium between 197 and 1992, with "1985" = 100**



Indicators 2 and 3, which take interest charges, rents and compensation of employees into accoun underwent a similar development to that of Indicator 1 (+1.2% and +1.0% respectively)

6.3 Denmark

The growth in agricultural income in Denmark, measured at +1.0% per annum by Indicator 1, was lowe than the Community average during the period under review. However, this figure does conceal very larg annual fluctuations, since agricultural income showed sustained growth in the first half of the decade (+6.3% per annum from "1981" to "1984"), to be followed by a severe decline in the second half (-1.1% per annum)

Table 6.5 **Annual average rates of change for production volume, real prices and real value o agricultural products in Denmark from "1981" to "1991", in % terms**

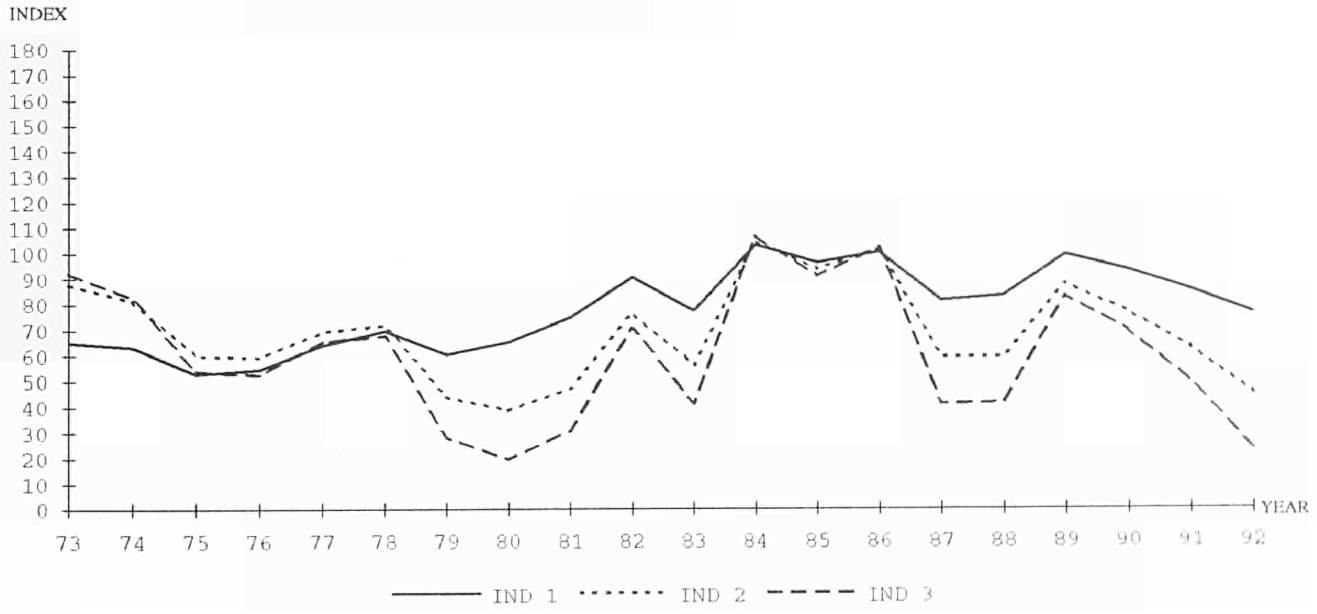
	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**6,1**	**3,7**	**2,3**	**3,8**	**-3,1**	**-6,3**	**-4,9**	**-4,8**	**2,8**	**-2,9**	**-2,8**	**-1,1**
Cereals	4,2	2,3	1,9	2,7	-4,4	-8,3	-5,2	-5,9	-0,4	-6,2	-3,3	-3,3
Final animal output	**1,7**	**0,4**	**1,2**	**1,1**	**-1,7**	**-6,5**	**-3,8**	**-4,0**	**0,0**	**-6,1**	**-2,7**	**-2,9**
Cattle	-0,6	-4,3	0,1	-1,5	-1,9	-6,8	-4,7	-4,5	-2,4	-10,9	-4,5	-5,9
Pigs	2,3	3,0	3,2	2,9	-2,4	-9,4	-2,8	-4,7	-0,1	-6,7	0,3	-2,0
Milk	0,9	-2,7	-1,1	-1,0	-0,9	-1,9	-2,5	-1,8	0,0	-4,5	-3,6	-2,8
Final output	**2,9**	**1,4**	**1,5**	**1,9**	**-2,1**	**-6,4**	**-4,1**	**-4,2**	**0,8**	**-5,1**	**-2,7**	**-2,4**
Intermediate consumption	**0,4**	**-0,1**	**0,6**	**0,3**	**-0,5**	**-6,6**	**-2,7**	**-3,3**	**-0,1**	**-6,7**	**-2,2**	**-2,9**
Gross value added at m.p.	**6,2**	**3,1**	**2,4**	**3,7**	**-4,1**	**-6,3**	**-5,5**	**-5,3**	**1,8**	**-3,4**	**-3,2**	**-1,8**
Subsidies									3,7	-12,3	-3,8	-4,3
Taxes linked to production									-11,3	8,6	0,2	-1,1
Depreciation									1,4	-1,3	-1,3	-0,5
Net value added at f.c.									**3,0**	**-5,1**	**-4,2**	**-2,4**
Rent									7,3	-1,5	-1,8	0,9
Interest									-5,6	-2,4	-1,5	-3,0
Net income of total labour									**12,6**	**-7,9**	**-7,6**	**-2,1**
Compensation of employees									1,3	-1,6	-4,3	-1,9
Net income of family labour									**20,5**	**-11,4**	**-10,0**	**-2,2**

NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3= "1987"/"1991" P = "1981"/"1991"

This fluctuation in agricultural income, which gives rise to a certain vulnerability in Danish agriculture, can be explained by the low proportion of total production accounted for by net income. It is therefore very susceptible to slight variations in volume and price, particularly if measured by Indicators 2 and 3, and by price fluctuations. Intermediate consumption represents about 51% of total production, compared with an average of 44% for the Community as a whole. The difference reflects the major intensification of the agricultural production process in Denmark and the importance of animal production. Likewise, the major investments which have been made in the agricultural sector represent a considerable burden on accounts, since financial costs have risen to about 16% of total product compared with 6% for the Community. This is even more pronounced when measured in real terms. Finally, this accumulation of expense explains why the net income of total labour input, the basis of Indicator 2, is only a small part (19%) of total product in the sector, compared with about 39% for the Community as a whole (the corresponding figures obtained using Indicator 3 are 10% and 29% respectively). Agricultural income as measured by Indicators 2 and 3 increased by +1.3% and +1.7% respectively during the period under review, owing more to the fall in interest charges (-3.0% per annum) than to compensation of employees and rent, which were little changed (- 1.9% and +0.9% per annum respectively).

The mainstay of agricultural production in Denmark is animal production (particularly pig and milk production), which represents nearly two thirds of the total. Production is highly concentrated, with the average number of animals per holding being much higher than in the Community as a whole. Denmark has a pigmeat and milk self-sufficiency rate of more than 200%. The volume of total agricultural production increased between "1981" and "1984" (+2.9% per annum) and was then followed by a period of stability. Renewed growth began in 1988, with crop production rising by +2.3% per annum whilst animal production only increased by +1.2% per annum. Over the period as a whole, real prices decreased fairly sharply (particularly after 1984) at a rate of - 4.2% per annum, which was only partly compensated for by increased volume (+1.9% per annum). The net result was a fall in the real value of production (-2.4% per annum).

Graph 6.3 **Development of the three indicators of agricultural income in Denmark between 1973 and 1992, with "1985" = 100**



Pig production volume rose by +2.9% over the entire period, although the annual increases were higher in the latter years of the decade. The value of production has stabilized at a high level since 1986, as increases in the consumption of pigmeat and the falling price of feedingstuffs together compensated for the drop in producer prices. Real prices fell by - 2.4% per annum until "1984", before plummeting by - 9.4% between "1984" and "1987". This was followed by a rally in 1989 and by further falls in 1991 and 1992. Following a

period of relatively weak growth from 1980 to 1983, the volume of milk production fell steeply (- 1.9% per annum) from "1984" to "1991" owing to the introduction of milk quotas, although since then it has gradually stabilized, partly as a result of higher yields.

Crop production increased thanks mainly to cereal and oilseed volume increases of +2.7% and +8.7% per annum respectively. The real prices of crop products were on an upward curve until 1983, after which they declined in line with real prices in most other European countries.

Intermediate consumption volume rose only slightly throughout the period "1981"/"1991" (+0.3% per annum). This is in stark contrast to the 1970s, which witnessed a marked intensification of production. However, the fall in the real price of intermediate consumption (-3.3%) was not as steep as the fall in the implicit prices of agricultural products (-4.2% per annum). This led to a deterioration in the "price scissors".

Taxes on production were little changed in real terms (- 1.1% per year), compared with the value of the land to which they are closely linked, whilst subsidies fell considerably (-4.3% per annum, following a national policy of reducing production subsidies). The proportion of total agricultural production accounted for by taxes linked to production increased from 2% in "1981" to 3.1% in "1991". The corresponding figures for subsidies are 1.7% in 1981 and 0.9% in 1991 (the lowest in the Community). Depreciation stabilized at a relatively high level, representing nearly 14% of final production, slightly higher than the Community average.

The reduction in agricultural labour input continued to be high throughout the period (- 3.5% per annum for the total labour input and - 4.1% per year for family labour input). This was reflected in a recovery of agricultural income per AWU at the end of the 1980s.

6.4 Germany

Agricultural income in Germany, measured by Indicator 1, grew by an average of +1.4% per annum during the period under review (the same figure as that for EUR 12). The biggest increases occurred in 1988 and 1989, but this was partly neutralised by falls in 1991 and 1992 (-11.0% and -6.3% respectively). Growth in production volume was relatively weak, rising by an annual average of just +0.6% between "1981" and "1991". This rate of increase, together with that of Luxembourg, was the lowest in EUR 12. The fall in real producer prices (- 3.9% per annum) was also marked and above the EUR 12 average. However, the decline in the real value of agricultural production resulting from these trends was balanced by the lower volume of intermediate consumption (- 0.7% per annum, with the United Kingdom representing the only fall in the Community) and by a drop in the real prices of intermediate consumption (- 3.2%, this being higher than in EUR 12). Furthermore, although the "price scissors" deteriorated slightly, there was an improvement in the productivity of intermediate consumption. The increase in agricultural income resulted from a decline of the NVA in real terms of -1.6% per year, which was more than offset by a decline in agricultural labour input at close to the EUR 12 average (-3.0%), although the speed of departures had nearly doubled by the second half of the decade.

The three phases which can generally be identified for the Community as a whole are not so distinct for Germany, where fluctuations in income were more marked than in the other countries, although the general trend is similar to that of EUR 12. Net income accounted for 25% of final production, compared with a Community average of 39%, making for less stability. The use of intermediate consumption was high, but declined towards the end of the 1980s. This has to be seen in relation to animal production, which represents nearly two-thirds of agricultural production in Germany. Depreciation, which accounts for a large part of final production (nearly 17%) but whose real value fell slightly during the period under review, reflects the high level of capital intensiveness in German agriculture. Although taxes on production declined (-1.1%), the value of subsidies grew at a double-digit rate (+12.1%) to a level where it represents nearly 10% of total

agricultural product, the highest figure in EUR 12. This is especially due to the compensation given to Germany for cut-backs in monetary compensatory amounts in 1984 and, in the second half of the 1980s, to the subsidies granted for milk quotas and set-aside.

Table 6.6 **Annual average rates of change for production volume, real prices and real value of agricultural products in Germany from "1981" to "1991", in % terms**

	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**0,8**	**1,9**	**2,4**	**1,8**	**-2,8**	**-5,0**	**-3,3**	**-3,7**	**-1,9**	**-3,2**	**-1,0**	**-2,0**
Cereals	2,4	1,8	1,9	2,0	-4,2	-6,2	-5,6	-5,4	-1,9	-4,6	-3,8	-3,5
Fresh fruit	1,5	2,4	-1,5	0,5	1,3	-3,9	4,3	0,9	2,9	-1,6	2,7	1,5
Final animal output	**1,1**	**-0,5**	**-0,6**	**-0,1**	**-2,8**	**-6,1**	**-3,3**	**-4,0**	**-1,7**	**-6,6**	**-3,9**	**-4,1**
Cattle	1,4	0,0	0,8	0,7	-3,0	-7,0	-6,1	-5,5	-1,7	-7,1	-5,3	-4,8
Pigs	0,9	0,8	-1,2	0,0	-4,5	-10,5	-0,3	-4,7	-3,7	-9,8	-1,4	-4,7
Milk	1,5	-2,3	-2,0	-1,1	-0,9	-2,3	-3,0	-2,2	0,6	-4,5	-5,0	-3,2
Final output	**1,0**	**0,3**	**0,5**	**0,6**	**-2,8**	**-5,7**	**-3,4**	**-3,9**	**-1,8**	**-5,5**	**-2,9**	**-3,3**
Intermediate consumption	**0,2**	**-0,8**	**-1,3**	**-0,7**	**-0,9**	**-6,5**	**-2,3**	**-3,2**	**-0,8**	**-7,3**	**-3,6**	**-3,9**
Gross value added at m.p.	**2,2**	**1,7**	**2,7**	**2,2**	**-5,2**	**-4,8**	**-4,6**	**-4,8**	**-3,1**	**-3,2**	**-2,1**	**-2,7**
Subsidies									20,4	18,6	1,9	12,1
Taxes linked to production									3,8	6,3	-9,6	-1,1
Depreciation									0,1	-1,8	-0,3	-0,6
Net value added at f.c.									**-2,8**	**-0,5**	**-1,6**	**-1,6**
Rent									3,0	2,9	3,7	3,2
Interest									0,5	-3,6	-4,4	-2,7
Net income of total labour									**-4,2**	**0,1**	**-1,4**	**-1,8**
Compensation of employees									-0,8	-0,9	-3,3	-1,8
Net income of family labour									**-5,0**	**0,4**	**-0,9**	**-1,8**

NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3= "1987"/"1991" P = "1981"/"1991"

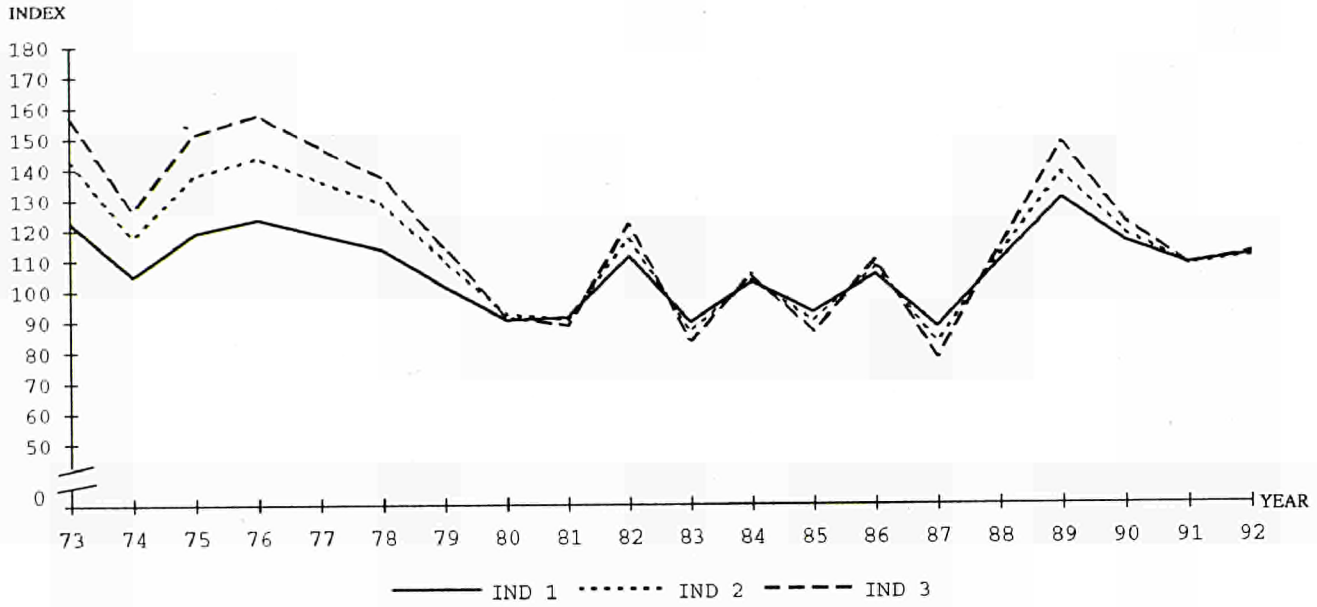
The growth in volume of agricultural production took place in the first half of the decade before stabilizing. Crop production, which grew by an annual average of +1.8% over the whole period (compared with a -0.1% for animal production) accounted for this higher volume, particularly between "1984" and "1991" (+2.1% per annum), whereas the situation in the animal sector deteriorated (-0.6% per annum over the same period).

The growth in the volume of cereal production fell slightly after 1984; the decline in the area under cultivation being more than compensated for by higher yields. Real producer prices fell substantially (by an average of - 5.4% per annum) over the entire period, and particularly after 1984, in parallel with institutional prices.

Cattle production increased slightly in volume terms during the 12 years under review (+0.7%). After growing by an annual rate of +1.4% at the beginning of the decade, it stabilized following the introduction of milk quotas, which led to a short-term increase in cow slaughtering and a fall in the cattle population. The volume of milk produced fell after 1984 (- 2.2% from "1984" to "1991"), as in the other Community countries, following the introduction of milk quotas. Over the period as a whole, the fall in the cattle population was - 1.1% per annum. Real producer prices of milk and beef fell in each of the sub-periods (-2.2% and - 5.5% per annum respectively from "1981" to "1991"), despite some recovery in 1988 and 1989.

Over the decade as a whole, pig production volume was stable (the slight increase recorded between 1980 and 1986 was wiped out by falls from 1987 to 1992). The crisis which affected the pig sector in the Community in 1987 and 1988 brought about a fall in the volume of production which was particularly pronounced in Germany in 1989. Such a strong fall led to a slower decline in real prices (-0.3%) over the period from "1987" to "1991", which followed a period of steep falls in real prices (at an annual average of (-7.5%) between "1981" and "1987".

Graph 6.4 **Development of the three indicators of agricultural income in Germany between 1973 and 1992, with "1984-1986" = 100**



Agricultural income in Germany was severely affected by declines in real values of milk, beef, pigmeat an cereal production, which was only partly compensated for by increases in the production of fresh vegetable (+0.6%) and fresh fruit(+1.5%). Indicators 2 and 3 of agricultural income, which take account of interest rent and compensation of employees, followed a similar trend to Indicator 1 (+1.2% and +1.3% respectively).

6.5 Greece

Agricultural income in Greece, measured by Indicator 1, grew by +2.0% per annum, which is slightly abov the Community average. The various phases in agricultural income movements identified for th Community as a whole were less pronounced in Greece, where income rose more sharply between "1987 and "1991" (+3.0% per annum, compared with +0.2% per annum between "1981" and "1984"). Th reduction in the agricultural labour input was slight from 1980 to 1985, but then accelerated, resulting in a overall decline of - 1.9% per annum in the period under review.

Agricultural production grew little in volume terms between "1981" and "1991" at an average annual rate c +0.8%. This rate, which is low compared with that of some other Member States, represents a definite brea with the 1970s, which were marked by sustained increases. This lower rate of growth was partl compensated for by the limited fall in producer prices (- 1.3% per annum compared with - 3.3% fc EUR 12). Agricultural production is dominated by crop production (fresh fruit and vegetables, textiles, oliv oil and cereals), which represents about 70% of total production. The volume of crop production grew at a annual rate of +1.1% between "1981" and "1991". However, this increase was not evenly distributed ove the period under review, owing to an annual growth rate of +0.5% from "1981" to "1984" and +1.4% fro "1984" to "1991", the latter having been achieved despite unfavourable weather conditions in 1987 an 1989/90. The volume of animal production (mainly sheep/goats and milk) grew at an average annual rate c +0.6% between "1984" and "1991", following a fall of - 0.7% per annum in the period to "1984".

Production of fresh vegetables rose by +0.9% per annum, whereas the production of fresh fruit(1) fell b -0.8% per annum. These figures conceal wide fluctuations brought about by varying weather condition

(1) Including citrus fruit and table grapes.

Over the period as a whole, the real price of fresh vegetables increased slightly (+1.7% per annum), thanks to the considerable rises between "1981" and "1984" (+3.8% per year) not being totally wiped out by falls from "1984" to "1991". Real prices of fresh fruit dropped by an annual average of - 2.5%. The volume of olive oil produced remained relatively unchanged over the decade (+0.5% per year), despite an increase of +2.7% per year between "1984" and "1987". Real producer prices for olive oil rose by +2.2% per annum over the period as a whole (+5.8% from "1987" to "1991", despite the fall in the support price).

The volume of industrial crops produced soared because of the strong growth in textile crop production (an annual average of +7.6%), and despite a relative decline in tobacco production after 1986 (-1.7% from "1987" to "1991"). Annual growth in the volume of cotton production slowed down considerably (+11.0% from "1981" to "1987", down to +2.6% between "1987" and "1991") as a result of the introduction of the maximum guaranteed quantity and the fall in the target price and Community assistance triggered by the stabilizer mechanism with effect from the 1987/88 season. Producer prices for textile plants fell in real terms (-0.5%), particularly during the second half of the decade when measured against institutional prices (-3.7%). The fall in institutional prices, brought about by the stabilizer mechanism affecting the various varieties of tobacco, combined with very high levels of intervention stocks from 1985 onwards, contributed to an average annual decline in prices of - 2.2% between "1984" and "1991".

Table 6.7 **Annual average rates of change for production volume, real prices and real value of agricultural products in Greece from "1981" to "1991", in % terms**

	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**0,5**	**2,4**	**0,5**	**1,1**	**0,4**	**-3,1**	**-0,4**	**-1,0**	**0,9**	**-0,9**	**0,1**	**0,0**
Cereals	-4,4	6,1	2,5	1,4	-0,8	-6,2	-4,8	-4,0	-5,2	-0,5	-2,4	-2,7
Fibre plants	9,8	12,3	2,6	7,6	6,6	-6,3	-1,1	-0,5	17,1	5,2	1,4	7,1
Fresh vegetables	1,7	-0,6	1,4	0,9	3,8	-1,9	3,0	1,7	5,6	-2,4	4,4	2,6
Fresh fruit	1,9	-3,4	-0,7	-0,8	-1,7	-0,1	-5,8	-2,5	0,1	-3,4	-6,5	-3,3
Olive oil	-2,3	2,7	1,1	0,5	1,5	-1,8	5,8	2,2	-0,8	0,8	6,9	2,7
Final animal output	**-0,7**	**1,2**	**0,1**	**0,2**	**-1,2**	**-1,8**	**-2,2**	**-1,8**	**-1,9**	**-0,7**	**-2,2**	**-1,6**
Sheep and goats	1,1	3,9	1,0	1,9	-2,5	-3,3	-6,2	-4,2	-1,4	0,5	-5,3	-2,4
Milk	0,4	-0,6	-0,3	-0,2	0,5	0,3	0,5	0,5	0,9	-0,3	0,2	0,3
Final output	**0,1**	**2,0**	**0,4**	**0,8**	**-0,1**	**-2,7**	**-1,0**	**-1,3**	**-0,1**	**-0,8**	**-0,6**	**-0,5**
Intermediate consumption	**2,1**	**0,1**	**1,8**	**1,4**	**-0,6**	**-1,6**	**-0,9**	**-1,0**	**1,5**	**-1,5**	**0,8**	**0,3**
Gross value added at m.p.	**-0,5**	**2,5**	**0,0**	**0,6**	**0,0**	**-3,1**	**-1,0**	**-1,3**	**-0,5**	**-0,6**	**-1,0**	**-0,8**
Subsidies									4,4	6,3	8,6	6,7
Taxes linked to production									-0,8	-15,7	-38,4	-21,9
Depreciation									2,6	1,8	-2,5	0,3
Net value added at f.c.									**-0,4**	**0,1**	**0,5**	**0,1**
Rent									8,6	-4,4	-5,9	-1,3
Interest									8,0	1,4	4,3	4,5
Net income of total labour									**-1,2**	**0,3**	**0,6**	**0,0**
Compensation of employees									-3,0	-2,2	0,3	-1,5
Net income of family labour									**-1,1**	**0,5**	**0,6**	**0,1**

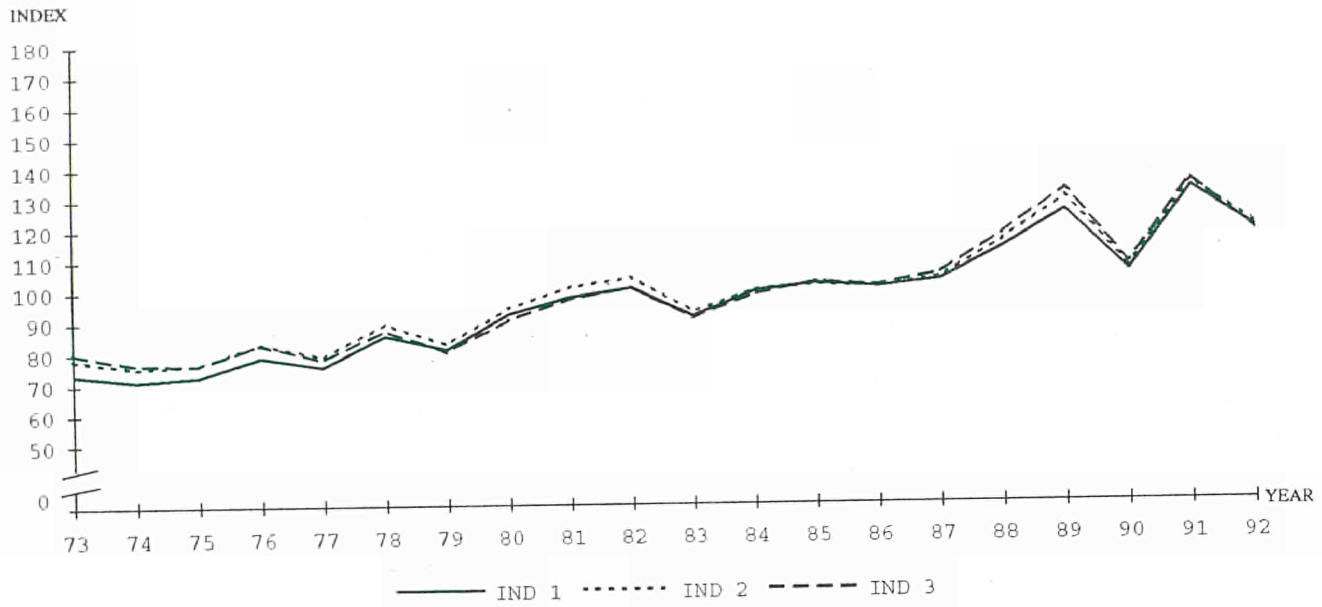
NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3 = "1987"/"1991" P = "1981"/"1991"

Sheep and goat production grew by an annual rate of +1.9% between "1981" and "1991". This rate of growth must be seen in the light of the continuous increase in consumption and of the common organisation of the market in these products, as the system of ewe premiums favoured growth in the sector. The restrictive policy of institutional prices failed to cap production in the period from "1987" to "1991", when it grew by +1.0% per annum (+3.9% per annum from "1984" to "1987"). Milk production volume was almost unchanged over the period (-0.2% per annum), as were real prices (+0.5% per annum).

The use of intermediate consumption grew at a relatively fast rate (an annual average of +1.4%), although in terms of absolute value it was particularly low (about 23% of the value of final production). This was due mainly to the large proportion of final agricultural production accounted for by crops and to the fact that

agricultural production in Greece is less intensive than in the other Member States. The "price scissors" and the productivity of intermediate consumption declined slightly over the period "1981"/"1991". The lower level of intensive production is reflected in capital utilization. The level of depreciation is much lower than in the Community as a whole (4.5% of total production, compared with 13% for the Community) and increased only slightly in the period under review (+0.3% per annum). Subsidies, which started from a relatively high base, rose by +6.7% per year, although taxes on production fell sharply in real terms (-21.9%) and are now practically non-existent. Net agricultural income, the basis for Indicator 2, represents nearly 70% of total product (compared with 39% for EUR 12) and is therefore less susceptible to variations in price and production volumes.

Graph 6.5 **Development of the three indicators of agricultural income in Greece between 1973 and 1992, with "1985" = 100**



Indicators 2 and 3 of agricultural income, which take account of interest (+4.5 per annum), rent (-1.3% pe year) and compensation of employees (-1.5% per year), rose broadly in line with Indicator 1 (+1.9% an +2.2% per annum respectively).

6.6 Spain

During the period under review, Spain recorded a higher increase in agricultural income, when measured b Indicator 1, than any other Member State; agricultural income rose by +4.0% per annum and by +5.0% pe annum from "1981" to "1984". Agricultural income in Spain displays a different trend from that in the othe Member States. This is because of Spain's recent accession to the Community (1986) and its specific type of agricultural production. The surge in income per AWU reflects a relatively minor fall in real net valu added (-1.1% per annum on average), being more than offset by the considerable reduction in agricultur labour input (-4.9% per annum, this being the highest rate in EUR 12).

A feature of Spanish agriculture is the dominance of crop production, which represents about 57% of th value of final agricultural production. The main agricultural products are fresh fruit and vegetables, cereal pigs and, to a lesser extent, milk and cattle.

The wave of modernization in Spain has had two effects: firstly, a major increase in the volume production (+1.9% per annum on average, one of the highest in EUR 12), accompanied by a decline in re producer prices, which was less severe (-3.1%) than in other Member States; and secondly, higher cos

resulting from more intensive use of intermediate consumption (+2.0% per year in volume, one of the highest rates in EUR 12) and of fixed capital.

Fresh vegetable volume increased continually during the period "1981"/"1991", at an annual average of +2.3%, thanks to increases in the area under cultivation and rising yields. Real prices were fairly stable over the medium term (-0.6% per annum), despite major annual fluctuations. The volume of fresh fruit production(2) increased by more than that of fresh vegetables, with wide fluctuations giving way to relatively continuous growth over the whole period (+3.0% from "1981" to "1991"). Higher production resulting from larger areas under cultivation and greater yields translated into a rise in exports, whilst domestic consumption plummeted by - 5% per annum on average. Real prices varied with production, most notably in 1981, 1986 and 1989, and declined by an annual average of -3.7% over the period as a whole.

Table 6.8 **Annual average rates of change for production volume, real prices and real value of agricultural products in Spain, from "1981" to "1991", in % terms**

	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**5,2**	**2,9**	**0,3**	**2,5**	**-1,2**	**-3,2**	**-3,6**	**-2,7**	**4,0**	**-0,4**	**-3,3**	**-0,3**
Cereals	16,5	2,1	-6,3	2,6	-0,6	-4,4	-6,5	-4,1	15,8	-2,4	-12,4	-1,6
Fresh vegetables	2,8	2,1	2,2	2,3	-3,2	1,5	-0,2	-0,6	-0,5	3,6	2,0	1,7
Fresh fruit	2,4	3,5	3,2	3,0	0,6	-4,1	-4,9	-3,7	3,0	-0,8	-1,9	-0,8
Final animal output	**0,6**	**1,2**	**1,1**	**1,0**	**-0,2**	**-4,7**	**-5,7**	**-3,8**	**0,4**	**-3,6**	**-4,6**	**-2,8**
Cattle	-3,0	1,1	0,5	-0,3	1,2	-2,9	-4,8	-2,5	-1,9	-1,8	-4,2	-2,8
Pigs	3,5	2,3	4,5	3,5	0,3	-6,5	-5,5	-4,1	3,8	-4,4	-1,3	-0,7
Milk	2,1	-1,2	-0,4	0,1	-0,9	-3,1	-5,7	-3,5	1,2	-4,3	-6,1	-3,4
Final output	**2,9**	**2,2**	**0,9**	**1,9**	**-0,7**	**-3,8**	**-4,4**	**-3,1**	**2,2**	**-1,7**	**-3,6**	**-1,3**
Intermediate consumption	**2,2**	**2,1**	**1,7**	**2,0**	**1,9**	**-4,6**	**-4,5**	**-2,7**	**4,1**	**-2,6**	**-2,9**	**-0,7**
Gross value added at m.p.	**3,5**	**2,2**	**0,1**	**1,8**	**-2,7**	**-3,1**	**-4,3**	**-3,4**	**0,8**	**-1,0**	**-4,1**	**-1,7**
Subsidies									3,9	8,0	32,5	15,8
Taxes linked to production									10,6	8,9	5,3	8,0
Depreciation									5,0	3,0	-7,4	-0,7
Net value added at f.c.									**0,2**	**-1,4**	**-1,8**	**-1,1**
Rent									-3,6	-0,1	-1,2	-1,6
Interest									2,7	-2,7	6,5	2,5
Net income of total labour									**0,2**	**-1,3**	**-3,0**	**-1,6**
Compensation of employees									-4,6	-4,2	-1,5	-3,2
Net income of family labour									**2,0**	**-0,4**	**-3,5**	**-0,9**

NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3= "1987"/"1991" P = "1981"/"1991"

Cereal production increased by +2.6% per annum over the period. However, this figure does conceal a progressive decline over the decade and major annual variations brought about by very wide fluctuations in the area under cultivation. Following slight falls in the period to 1986, real prices rose steeply, giving an average annual decline of -4.1% over the period "1981"/"1991", which was in line with other cereal markets in the Community.

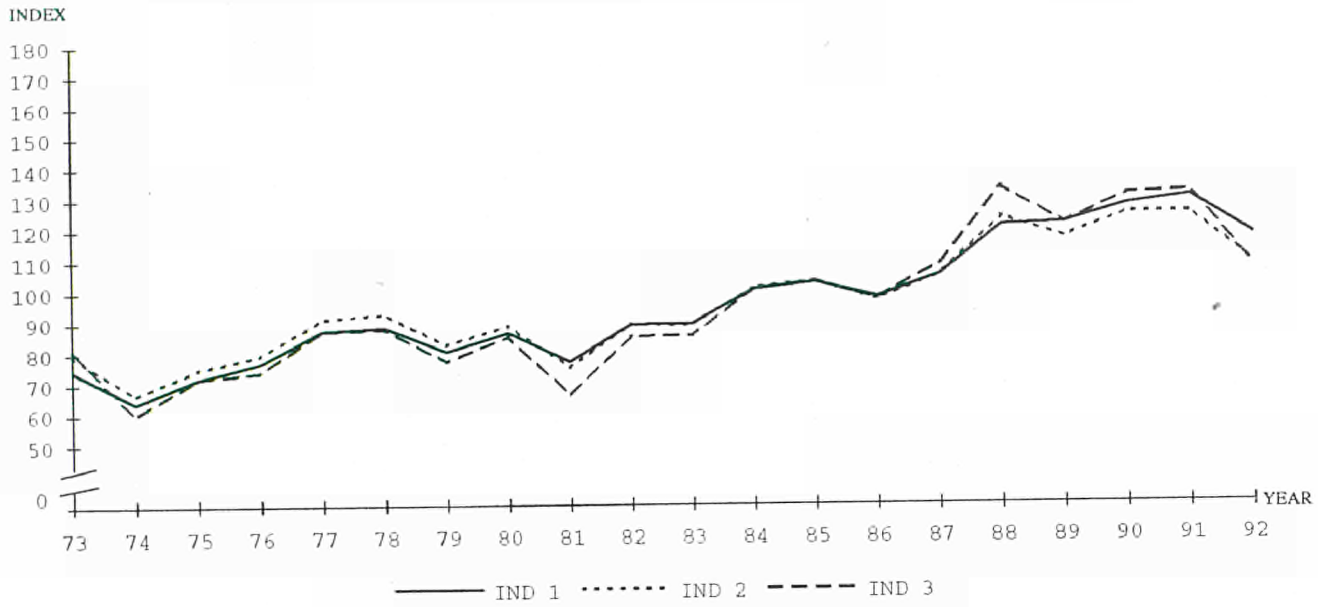
Pig production experienced sustained growth (+3.5% per annum), particularly during the period "1987"/"1991" (+4.5% per annum). This has to be seen in the context of a major increase in pork consumption in Spain (+4% per annum between 1983 and 1991). Real prices held their ground in the first half of the decade, only to plummet in the second half (- 5.9% in the period "1984/"1991"). The swine fever crisis, which affected all of Europe, combined with sustained levels of domestic production, appears to have depressed prices. Milk production rose by +0.1% in volume terms over the reference period, although the increases were concentrated in the period from "1981" to "1984" (+2.1% per annum) before Spain was exposed to overproduction in the Community and the introduction of the common milk policy put a brake

(2) Including citrus fruit and table grapes.

on growth in the sector. Real prices declined in the period as a whole (-3.5%), despite a slight recovery in 1989.

Following Spain's accession to the Community, subsidies paid to Spanish agriculture rocketed (+32.5% from "1987" to "1991"), although they remained low compared with those paid in other Member States. The subsidies were paid either for specific products (sheep and goats, and olive oil) or as part of aid programmes for mountain farming and other less favoured areas. The low level of taxation on agricultural production should also be borne in mind, since this remained less than 0.5% of the value of final agricultural production.

Graph 6.6 **Development of the three indicators of agricultural income in Spain between 1973 and 1992, with "1985" = 100**



The growing share of depreciation in final production reflects the drive towards more capital-intensive agriculture, despite some decline at the end of the period.

Interest payments rose by +2.5% per annum in real terms, which would seem to indicate more intensive agriculture. With rent payments changing little (-1.6% per annum), Indicator 2 rose by +3.5% per annum. These changes, plus the decline in the compensation of employees (- 3.2% per annum), were such that Indicator 3 rose by +4.6% per annum.

6.7 France

Agricultural income, as measured by Indicator 1, rose on average by +2.0% per year from "1981" to "1991" in France (this rate being slightly more than that of EUR 12). It underwent a period of growth from 1980 to 1982 (+10.6% per year) to reach a level which more or less stayed the same in 1983 and 1984, since the upswing which most Community states experienced in 1984 did not take place in France. Nevertheless, the levelling-out of income in the Community from "1984" to "1987" did not spare France (+0.1% per year) and the country did not profit from the renewed rise in income until 1989. Income levels went up by +3.9% from "1987" to "1991" to be followed by slight declines in 1991 and 1992.

The main products are cereals, wine, milk and cattle, which make up rather more than 60% of total French agricultural production. Crop production (slightly more than 50%) expanded greatly in volume during the reference period (+3.0% as an annual average). This virtually continuous development was mainly the result

from "1981" to "1984", of cereal production (wheat and maize) and oilseed plants, which increased by +5.8% and +15.7% respectively per year (the gradual reduction in production area devoted to cereals being offset by the rise in yields, +4.1% and +3.3% per year for wheat and maize). During "1984" to "1987", whereas the volume of cereal production stabilized (+0.2%), there was a record growth rate for oilseeds (+24.5%). The upswing in cereal production from "1987" to "1991" was accompanied by a stabilization in oilseed production following a more restrictive Community policy and more difficult climatic conditions. The real prices of cereals declined by -4.0% per annum on average over the entire period. This reflects the situation on French cereal markets, which were oversupplied for the whole decade, and the reduction in Community support measures. The same factors also brought about a deterioration in the real prices of oilseeds from "1984" to "1991" (-9.9% per year).

Table 6.9 **Annual average rates of change for production volume, real prices and real value of agricultural products in France from "1981" to "1991", in % terms**

	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**3,4**	**3,3**	**2,4**	**3,0**	**-2,5**	**-4,8**	**-2,5**	**-3,2**	**0,8**	**-1,6**	**-0,2**	**-0,3**
Cereals	5,8	0,2	3,9	3,3	-4,0	-4,9	-3,2	-4,0	1,5	-4,7	0,5	-0,8
Oleaginous seeds	15,7	24,5	0,9	12,0	0,1	-9,0	-11,0	-7,2	15,9	13,3	-10,2	3,9
Fresh vegetables	1,4	0,8	2,5	1,7	0,6	-4,4	-2,3	-2,1	2,0	-3,7	0,1	-0,5
Wine	2,4	4,7	0,5	2,3	-4,7	-3,5	2,4	-1,5	-2,4	1,1	2,9	0,7
Final animal output	**0,5**	**-0,4**	**0,8**	**0,3**	**-1,6**	**-4,0**	**-2,6**	**-2,7**	**-1,1**	**-4,5**	**-1,8**	**-2,4**
Cattle	0,8	-1,9	0,6	-0,1	-2,2	-3,8	-3,1	-3,0	-1,4	-5,7	-2,6	-3,1
Pigs	0,0	2,4	2,9	1,9	-2,4	-8,2	-0,4	-3,4	-2,5	-6,0	2,5	-1,6
Milk	0,6	-1,2	-1,3	-0,7	-0,9	-1,8	-1,7	-1,5	-0,3	-3,0	-3,0	-2,2
Final output	**2,0**	**1,4**	**1,7**	**1,7**	**-2,0**	**-4,5**	**-2,6**	**-3,0**	**-0,1**	**-3,1**	**-0,9**	**-1,3**
Intermediate consumption	**0,8**	**1,6**	**1,5**	**1,3**	**0,0**	**-4,5**	**-2,2**	**-2,2**	**0,8**	**-2,9**	**-0,8**	**-1,0**
Gross value added at m.p.	**3,1**	**1,3**	**1,9**	**2,1**	**-3,7**	**-4,4**	**-2,9**	**-3,6**	**-0,8**	**-3,2**	**-1,0**	**-1,6**
Subsidies									-2,1	9,4	7,8	5,2
Taxes linked to production									5,2	4,1	-6,1	0,2
Depreciation									0,2	-1,5	-0,6	-0,6
Net value added at f.c.									**-1,4**	**-3,3**	**0,1**	**-1,4**
Rent									-3,0	-4,0	-2,9	-3,3
Interest									6,9	-2,9	-1,7	0,4
Net income of total labour									**-2,0**	**-3,3**	**0,5**	**-1,4**
Compensation of employees									0,1	-1,2	0,1	-0,3
Net income of family labour									**-2,6**	**-3,9**	**0,6**	**-1,7**

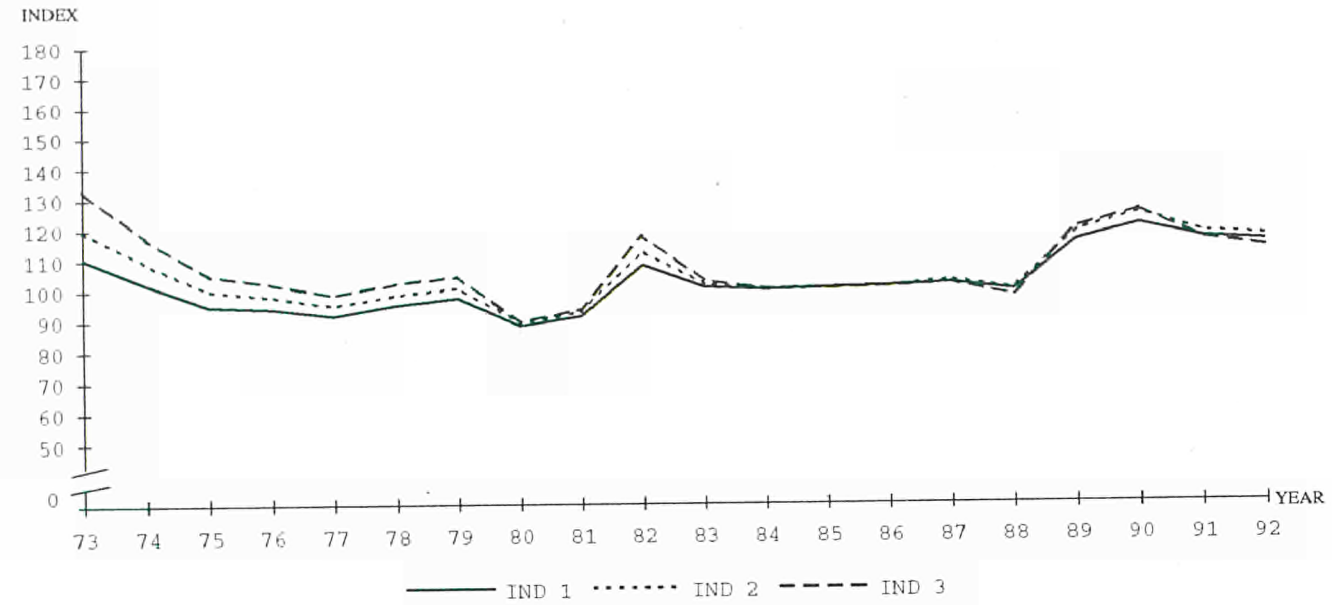
NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3= "1987"/"1991" P = "1981"/"1991"

The volume of wine production rose by +2.3% per year from "1981" to "1991", despite major annual fluctuations due to the weather and a -2.0% decrease in planted area, which was, however, offset by better yields. The real price of wine fell by -1.5% per year from "1981" to "1991".

Animal production volume remained fairly constant over the entire period (+0.3% per year). A fall in this volume was avoided by the steady progression of pork production from "1984" to "1991" (+2.6% per year). In fact, the volume of cattle production declined (-0.6% per year) from "1984" to "1991", as did milk production (-1.2%) following the introduction of quotas. These falls followed a slight rise in the volume of production in the cattle (+0.8%) and milk sectors (+0.6%) from "1981" to "1984". As in all other European countries, the imbalance between supply and demand affected the domestic prices of animal production. Real prices fell, on an annual average, by -3.0% between "1981" and "1991" for cattle, by -1.5% for milk and by -3.4% for pigs. The introduction of milk quotas in 1984 enabled the French market to recover in 1988 and 1989, given a certain upswing in real producer prices of milk and beef, although it could not prevent a fall in real prices from "1987" to "1991".

The share of the main costs in final production is similar to that in the Community by reason of the share of French agriculture in the Community agricultural sector and the great variety of French agricultural production, which reflects the diversity of Community agriculture.

Graph 6.7 **Development of the three indicators of agricultural income in France between 1973 and 1992, with "1985" = 100**



Nevertheless, it is apparent that the share of animal feedingstuffs in intermediate consumption is the lowest in EUR 12, whereas the charges directly connected with crop production represent around 35% of intermediate consumption as compared with 24% for EUR 12. This might reflect the large proportion of feedingstuffs which comes directly from the agricultural holdings. The volume increase in intermediate consumption (+1.3% per year) was higher than the Community average but was influenced by the change in French production volume. The slight increase in productivity of intermediate consumption (+0.4% per year) could not compensate for the decline in the price scissors (-0.8% per year). The level of taxes linked to production (the highest in EUR 12) was higher than the amount of subsidies, although these taxes went up only +0.2% per annum in real terms as opposed to +5.2% for the subsidies. The development of depreciation and interest, whose share in total production, at 9% and 4% respectively, is slightly lower than in the rest of the Community, would seem to point to a reduction in capital intensity. Thus, while depreciation fell by -0.6% per year, interest stabilized at an annual rate of change of +0.4%.

The agricultural labour input has persistently reduced in number (-3.4% per year), which allowed agricultural income, expressed in AWU, to rise slightly despite the fall in real net value added at factor cost (-1.4%). Indicators 2 and 3, which take interest charges, rent and compensation of employees into account underwent a similar development to Indicator 1 (+2.0% and +1.6% per year respectively).

6.8 Ireland

Agricultural income in Ireland, as measured by Indicator 1, rose substantially but unevenly between "1981" and "1991" (+4.0% per year, the second best result in the Community), thereby exceeding the levels reached just after accession to the European Community. The trend in agricultural income in Ireland is fairly similar to the Community average but with more marked fluctuations (steep declines in 1980, 1985 and 1986 and sharp increases in 1982, 1984, 1987, 1988 and 1992).

This development in agricultural income is the result of the trend in final production volume, which increased at an annual average rate of +2.7% (the highest in the Community). This rise in production occurred together with increased intermediate consumption (+1.8% per year in volume, which is lower than the result for the previous decade), although its share of total production (about 40%) was fairly small, considering the predominance of animal production.

Table 6.10 **Annual average rates of change for production volume, real prices and real value of agricultural products in Ireland from "1981" to "1991", in % terms**

	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**1,3**	**-2,6**	**4,0**	**1,2**	**-4,3**	**-4,4**	**-1,4**	**-3,2**	**-3,0**	**-6,9**	**2,6**	**-2,0**
Final animal output	**4,7**	**1,1**	**2,9**	**2,9**	**-3,8**	**-2,9**	**-2,9**	**-3,1**	**0,8**	**-1,8**	**0,0**	**-0,3**
Cattle	4,6	2,2	3,5	3,4	-3,5	-3,3	-3,3	-3,4	0,9	-1,1	0,1	0,0
Pigs	-0,7	0,1	5,5	2,0	-6,2	-9,1	-0,2	-4,7	-6,8	-9,0	5,3	-2,8
Sheep and goats	6,3	8,1	13,5	9,6	-6,3	-3,7	-9,5	-6,8	-0,4	4,1	2,7	2,2
Milk	5,8	-1,3	-0,5	1,1	-3,2	-0,6	-0,8	-1,5	2,4	-1,8	-1,2	-0,3
Final output	**4,3**	**0,7**	**3,1**	**2,7**	**-3,9**	**-3,1**	**-2,7**	**-3,2**	**0,2**	**-2,5**	**0,3**	**-0,6**
Intermediate consumption	**2,2**	**1,6**	**1,6**	**1,8**	**-2,3**	**-5,5**	**-1,3**	**-2,9**	**-0,2**	**-4,0**	**0,3**	**-1,1**
Gross value added at m.p.	**6,2**	**-0,2**	**4,3**	**3,5**	**-5,4**	**-1,0**	**-3,9**	**-3,5**	**0,5**	**-1,2**	**0,3**	**-0,1**
Subsidies									15,9	4,1	16,8	12,6
Taxes linked to production									-20,3	9,8	-3,6	-5,3
Depreciation									-2,2	-2,0	1,8	-0,6
Net value added at f.c.									**3,4**	**-0,8**	**2,6**	**1,8**
Rent									-6,3	-6,0	-16,8	-10,5
Interest									-9,4	-11,2	4,8	-4,6
Net income of total labour									**7,0**	**1,0**	**2,4**	**3,3**
Compensation of employees									-3,2	2,0	2,9	0,8
Net income of family labour									**8,3**	**0,9**	**2,3**	**3,7**

NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3= "1987"/"1991" P = "1981"/"1991"

The trend in the volume of agricultural production largely follows that of animal production, which accounts for over 85% of the total and increased by an annual average of +2.9%. Crop production had an uneven development; -2.6% from "1984" to "1987" and +4.0% per year from "1987" to "1991" (largely due to fresh vegetables).

Real prices for agricultural products fell by an annual average of -3.2%. This is close to the Community average and represents a break with the previous period, in which Ireland had benefited from the Irish pound being undervalued (a situation which ended with Ireland's entry into the European Monetary System). Nevertheless, the drop in real prices for intermediate consumption (-2.9%) led to a small decline of the "price scissors" (-0.3% as an annual average).

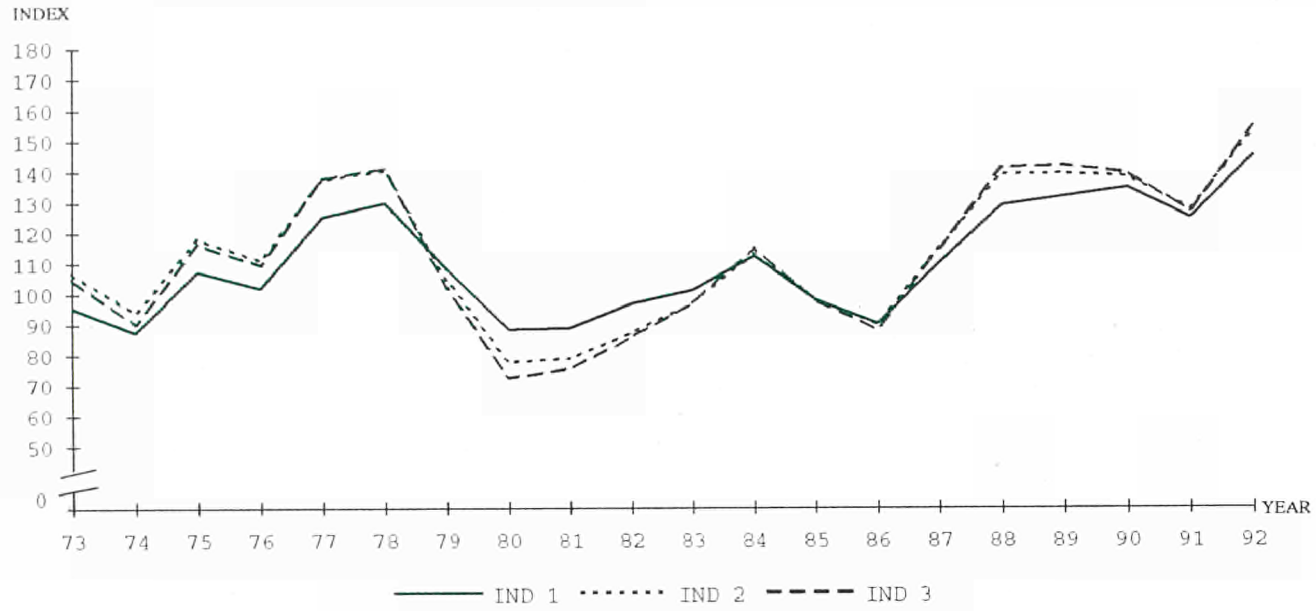
The main products are cattle and milk, which grew considerably in volume from "1981" to "1984" (+4.6% and +5.8% per year respectively). Following the introduction of milk quotas, milk production declined before becoming stabilized in 1989 and 1991; an annual reduction rate of -0.9% was recorded between "1984" and "1991". In spite of the impact of milk quotas on beef production, it continued to increase at an annual rate of +2.8% from "1984" to "1991" in Ireland. The real price of cattle fell until 1988, then recovered in 1988 and 1989 before falling again in 1991 and 1992, resulting in a decline of -3.4% per year for the whole period. Real milk prices followed a similar trend, but the very substantial increase which occurred in 1988 and 1989 allowed the downward impact on prices, caused by markets with a structural surplus, to be partly offset (-3.2% per annum from "1981" to "1984" and -0.7% from "1984" to "1991").

The volume of pig production increased at an annual rate of +2.0%, in spite of a sharp decline in 1984 and 1985. Despite the rise in 1989, real producer prices fell during the whole period (-4.7% per year). The

volume of sheep production rose considerably (by +9.6% per year) in spite of a steep decline in real prices (-6.8% per year).

Agricultural incomes recovered on the basis of more moderate intensification (intermediate consumption and capital), after falling considerably between 1979 and 1981 in the wake of the decline in prices of agricultural products, the high costs of a period of intensification (especially interest costs) and the loss of the advantages derived from currency devaluation.

Graph 6.8 **Development of the three indicators of agricultural income in Ireland between 1973 and 1992, with "1985" = 100**



This relative decline in the use of factors, combined with the increase in production volume and a sharp increase in subsidies (+12.6 per year), led to growth in real net value added at an average annual rate of +1.8%. The reduction in the agricultural labour input, which had been large-scale in the 1970s, slowed down to an annual rate of -2.1% for total labour input (-2.2% per annum for family labour input), which is one of the lowest rates in EUR 12. The development of real interest charges, rents and compensation of employees (-4.6%, -10.5% and +0.8% per year respectively) led to a sharp increase in Indicators 2 and 3 (+5.5% and +6.0% per year).

6.9 Italy

Italy is the country in the Community which recorded the steepest fall in agricultural income over the period "1981"/"1991". As measured by Indicator 1, income fell by an annual average of -1.0%. While the other Member States profited from an upswing in income in 1984 and 1988, the situation in Italy deteriorated continually, the exceptional rises in 1989 and 1992 not being sufficient to halt this trend. The impact of the fall in the real values of agricultural production (-3.3% per annum on average) on income was slightly attenuated by the reduction in the real cost of intermediate consumption (-3.8% per year). Nevertheless, the higher depreciation costs (which represented an important and probably over-estimated share of around 21% of total production in "1991") of +1.5% contributed to the fall in net value added in real terms by -3.8 per annum on average. This decline became more marked in the period "1984"/"1991", when the annual average rate of reduction was -4.2%.

The small increase in production volume (+0.8% per year) and the clear fall in real producer prices (-4.0% per year) during the period "1981"/"1991" (which was marked by a certain upwards movement of the Italian

lire, unlike the period 1975/80) were partially offset by the severe fall in the real prices of intermediate consumption (-4.7% per year), which led to an improvement in the price scissors (+0.7%). At the same time, there was a slight decline in the productivity of intermediate consumption (-0.1%). The reduction of agricultural labour input, although less marked than that in the other Member States, was still regular from "1981" to "1991" (-2.7%) and thus cushioned the impact of the lower NVA. Subsidies also moved upwards in real terms (+3.2%) to make up almost 10% of production value in "1991", while the level of taxes linked to production remained very low.

Table 6.11 **Annual average rates of change for production volume, real prices and real value of agricultural products in Italy from "1981" to "1991", in % terms**

	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**1,2**	**2,0**	**0,1**	**1,0**	**-3,6**	**-4,9**	**-3,3**	**-3,9**	**-2,4**	**-3,0**	**-3,2**	**-2,9**
Cereals	3,4	2,8	-0,1	1,8	-5,4	-6,8	-7,4	-6,6	-2,2	-4,2	-7,5	-4,9
Fresh vegetables	0,4	-0,2	0,3	0,2	-2,4	-4,4	-1,8	-2,8	-2,0	-4,5	-1,5	-2,6
Fresh fruit	1,0	-0,4	-0,9	-0,2	-4,2	-3,8	-3,6	-4,6	-3,2	-4,2	-4,5	-4,8
Wine	-2,3	-0,4	-4,6	-2,7	-2,8	-0,8	4,4	0,6	-5,1	-1,3	-0,5	-2,1
Final animal output	**0,7**	**-0,2**	**0,5**	**0,4**	**-3,7**	**-5,6**	**-4,0**	**-4,4**	**-3,1**	**-5,8**	**-3,5**	**-4,1**
Cattle	0,4	-1,4	-1,1	-0,7	-4,9	-5,7	-4,0	-4,8	-4,5	-7,0	-5,0	-5,5
Milk	0,9	-0,1	0,0	0,3	-2,1	-3,6	-3,7	-3,2	-1,2	-3,7	-3,8	-3,0
Final output	**1,0**	**1,2**	**0,3**	**0,8**	**-3,6**	**-5,1**	**-3,5**	**-4,0**	**-2,6**	**-4,0**	**-3,3**	**-3,3**
Intermediate consumption	**0,5**	**2,1**	**0,3**	**0,9**	**-2,6**	**-7,2**	**-4,2**	**-4,7**	**-2,1**	**-5,3**	**-4,0**	**-3,8**
Gross value added at m.p.	**1,2**	**0,8**	**0,3**	**0,7**	**-4,0**	**-4,2**	**-3,3**	**-3,8**	**-2,9**	**-3,5**	**-3,0**	**-3,1**
Subsidies									7,2	-2,9	5,1	3,2
Taxes linked to production									3,9	7,8	3,0	4,7
Depreciation									1,7	1,8	1,1	1,5
Net value added at f.c.									**-3,1**	**-5,0**	**-3,4**	**-3,8**
Rent									-11,5	-4,3	-3,2	-6,1
Interest									3,5	-0,7	-4,3	-0,9
Net income of total labour									**-3,6**	**-5,5**	**-3,2**	**-4,0**
Compensation of employees									-2,2	-2,5	-0,8	-1,7
Net income of family labour									**-4,5**	**-7,4**	**-5,1**	**-5,6**

NB: SSP1 = "1981"/"1984" SSP2 = "1984"/"1987" SSP3 = "1987"/"1991" P = "1981"/"1991"

The cost of intermediate consumption was only 29% of the value of final production, which indicates the importance of crop production in Italian agriculture. The main items in the latter category are fresh vegetables, fresh fruit, cereals and wine, with the main animal production items being milk and cattle.

Fresh vegetable volume remained constant during the period (+0.2%), despite certain annual variations due mainly to climatic conditions. Real prices fell by -2.8% per year. The rates of change for real wine prices regularly improved over the entire period (+0.6% per annum on average), despite two major falls in 1984 and 1987 which followed two excellent harvests. Wine production volume fell markedly (-2.7% per year), the result of a significant decline in the area under cultivation. The real price of fresh fruit(3) fell sharply (-4.6%), whereas production stagnated (-0.2% per year) in volume from "1981" to "1991".

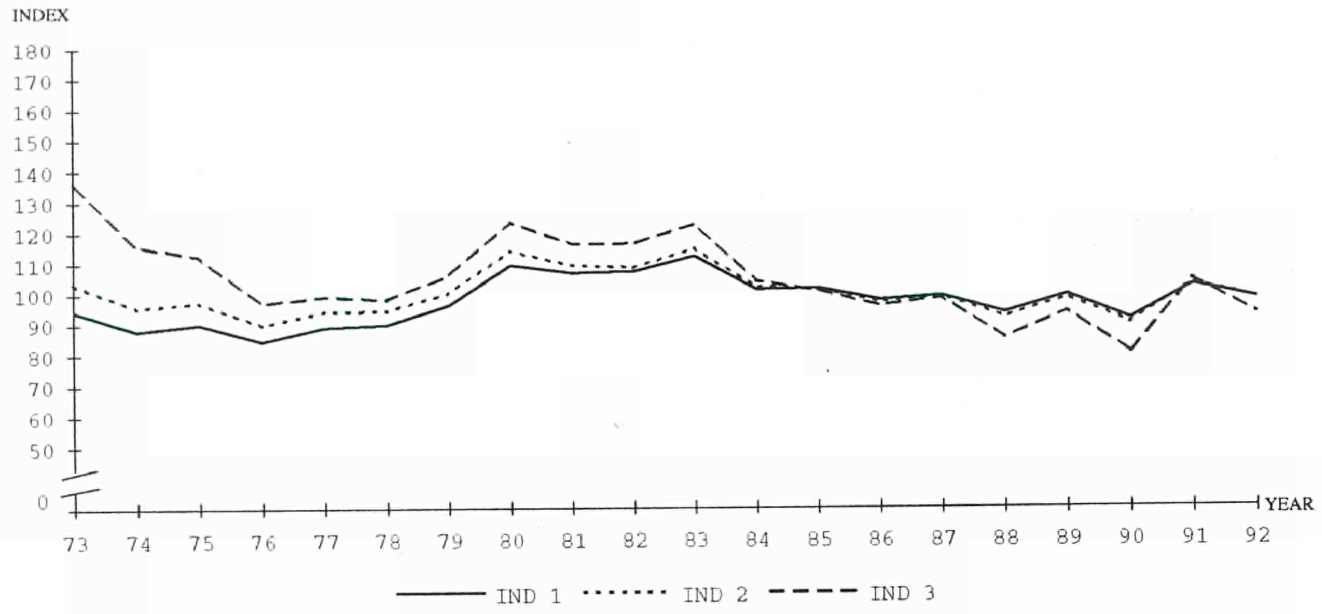
Cereal production volume increased by +3.1% per year between "1981" and "1987", with the exceptional harvest in 1984 being a special feature. It has since remained relatively constant (-0.1% per year); this resulted from a smaller area under production for soft wheat and maize, and difficult climatic conditions. Real prices fell by -6.6% on an annual average over the entire period, due to a stricter Community policy and unfavourable market conditions.

(3) Including citrus fruit and table grapes.

Animal production volume remained virtually level from "1981" to "1991" with a movement of +0.4% per year, resulting from expanded poultry and pig production on the one hand, and a levelling off in milk and cattle production on the other (+0.3% and -0.7% annually).

This stagnation started in 1984 and 1985 with the introduction of milk quotas, which brought about a slight decline in production (0.0% and -1.2% per year from "1984" to "1991" respectively).

Graph 6.9 **Development of the three indicators of agricultural income in Italy between 1973 and 1992, with "1985" = 100**



The annual falls in real interest charges (-0.9% per annum), rents (-6.1% per annum, but this item is of little importance) and compensation of employees (-1.7% per annum, the part of this item in NVA at factor cost being around one third, which is the highest level in EUR 12) caused Indicators 2 and 3 to fall by -1.3% and -2.5% respectively per annum on average.

6.10 Luxembourg

Agricultural income, as measured by Indicator 1, had a special development in Luxembourg during the period "1981"/"1991" since there was an almost continuous rise (+2.5% per year) despite the lowest rate of increase of production volume in the Community (+0.3% per year). The fluctuations in agricultural income, when measured by Indicator 1, do not follow the three distinct phases identifiable in the other Member States, since income progressed steadily over the whole of the period under review despite a decline in 1983, which followed an exceptional 1982, and in 1991 and 1992. The levelling-off in production went hand in hand with greater use of intermediate consumption (+1.9% per annum in volume), thus marking a break with the preceding ten years.

The decline in productivity of intermediate consumption (-1.6% per year) was nevertheless offset by an improvement in the "price scissors" (+0.5% per year). This improvement resulted from the fall of agricultural prices in real terms (-1.3%, one of the steepest declines in the Community), which took place in the overall perspective of a relative undervaluation of the currency.

Luxembourg agriculture is dominated by animal production, which represents almost 80% of the total. It is constituted by mostly milk and cattle production, while wine-growing accounts for almost 50% of crop production.

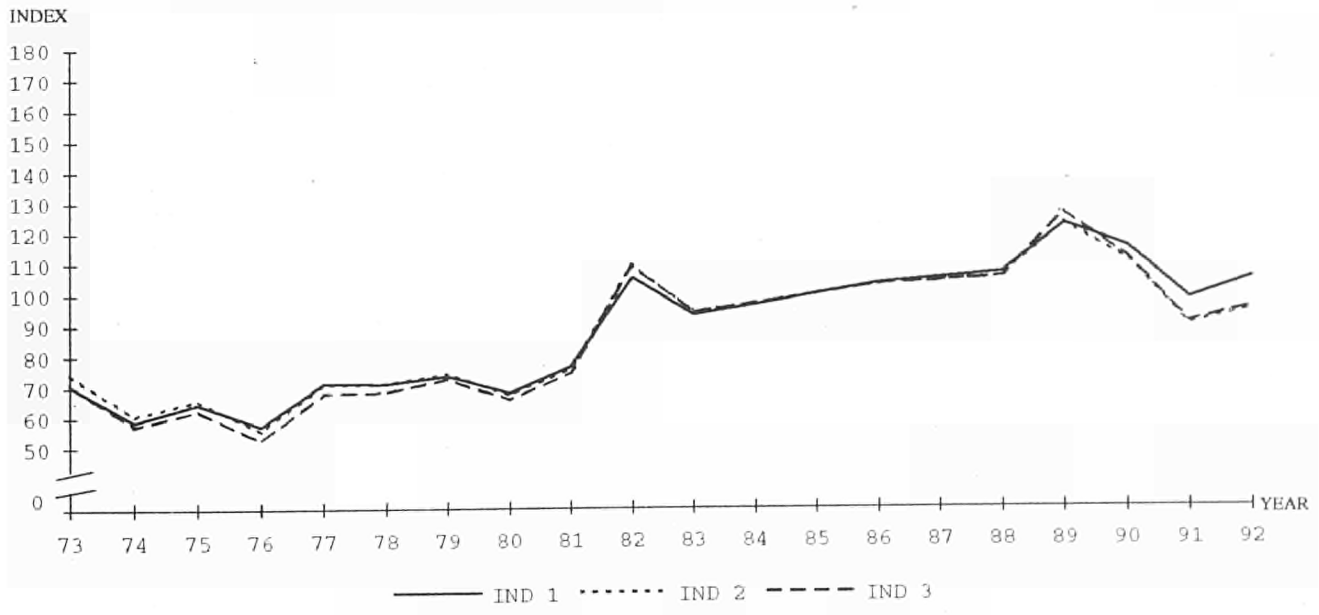
Table 6.12 **Annual average rates of change for production volume, real prices and real value of agricultural products in Luxembourg from "1981" to "1991", in % terms**

	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**-1,6**	**3,0**	**3,4**	**4,9**	**-2,7**	**-2,1**	**-4,7**	**-6,3**	**-4,3**	**0,8**	**-1,4**	**-1,7**
Wine	3,2	0,1	3,3	2,3	-9,3	0,8	-2,6	-3,7	-6,3	1,0	0,6	-1,4
Final animal output	**1,9**	**-0,6**	**-1,0**	**0,0**	**0,7**	**-1,6**	**-1,2**	**-0,7**	**2,6**	**-2,1**	**-2,2**	**-0,8**
Cattle	0,5	-0,6	0,0	0,0	0,1	-4,7	-1,4	-2,0	0,6	-5,3	-1,4	-2,0
Pigs	3,1	2,1	0,7	1,8	-2,6	-8,1	-0,2	-3,4	0,4	-6,2	0,4	-1,6
Milk	2,9	-1,1	-2,0	-0,3	2,2	1,7	-1,1	0,7	5,1	0,6	-3,1	0,4
Final output	**1,2**	**0,0**	**-0,2**	**0,3**	**0,0**	**-1,7**	**-1,9**	**-1,3**	**1,2**	**-1,6**	**-2,1**	**-1,0**
Intermediate consumption	**2,7**	**1,3**	**1,7**	**1,9**	**0,3**	**-4,3**	**-1,2**	**-1,7**	**3,0**	**-3,0**	**0,5**	**0,2**
Gross value added at m.p.	**0,2**	**-0,8**	**-1,6**	**-0,8**	**-0,2**	**0,1**	**-2,3**	**-1,0**	**0,0**	**-0,7**	**-3,9**	**-1,8**
Subsidies									4,0	4,2	14,7	8,2
Taxes linked to production									7,6	11,6	0,7	6,0
Depreciation									-0,9	2,6	5,3	2,6
Net value added at f.c.									**0,5**	**-1,2**	**-3,4**	**-1,6**
Rent									-0,1	2,1	-0,8	0,3
Interest									2,9	0,3	9,0	4,5
Net income of total labour									**0,4**	**-1,7**	**-5,0**	**-2,4**
Compensation of employees									-0,7	6,8	2,1	2,6
Net income of family labour									**0,4**	**-2,0**	**-5,4**	**-2,7**

NB: SSP1 = "1981"/"1984" SSP2= "1984"/"1987" SSP3= "1987"/"1991" P = "1981"/"1991"

Milk production volume developed at an annual rate of +2.9% from "1981" to "1984", then, following the introduction of quotas, fell at an annual rate of -1.6% up to "1991". Despite the crisis which struck milk markets in the other Member States, real prices developed in a positive direction. The volume of beef production stabilized (0.0% per year from "1981" to "1991") in the general context of livestock reduction, although large annual disparities were recorded. Real producer prices fell by an annual average of -2.0% over the period "1981"/"1991". Nevertheless, this fall in real prices had not begun before 1982 and thus the milk crisis only reinforced the existing trend. Pig production volume rose by +1.8% per year over the period "1981"/"1991". Real prices fell severely (by an average -3.4% per year over the period), particularly in 1986, 1987 and 1988.

Graph 6.10 **Development of the three indicators of agricultural income in Luxembourg between 1973 and 1992, with "1985" = 100**



The production volume of wine, which was characterized by major fluctuations (+165% in 1982 and +216% in 1992), increased by +2.3% per annum on average. This volume growth in the 1980s was almost completely wiped out by the severe falls of 1991 and 1992, which were caused by unfavourable weather conditions. Real prices declined by -3.7% per year over the period "1981"/"1991".

Total labour input declined considerably over the period (-4.0% per year), only Spain recording a higher rate. This is part of a general tendency for the agricultural input factors to be reduced or to level out (although the general disinvestment of the agricultural branch, which started in the 70s, slowed down somewhat): stagnation in value terms of the use of intermediate consumption (at less than 40% of final production, which is low for a country whose animal production is dominant), reduction of agricultural labour input and a slight increase in the capital factor.

Thus, agricultural income measured by AWU increased; Indicators 2 and 3 rose by +1.6% and +1.8% per year respectively.

6.11 Netherlands

Agricultural income in the Netherlands, measured by Indicator 1, increased at an annual rate of +0.7% from "1981" to "1991". This result is very different to that published in previous versions of the Agricultural Income Report and follows a general revision of the Economic Accounts for Agriculture by the Netherlands for the 1987-1991 period. This rise in agricultural incomes is relatively small, and less than the Community average. It resulted in the stabilization of real net value added at factor cost (+0.1% per annum, an unusual positive development of NVAfc in the Community) and a very small decline in agricultural labour input (-0.6% per year, the least in EUR 12) This also reflects diverging trends in agricultural labour input according to the sector concerned: whilst it increased in the horticultural sector (including fresh fruit and vegetables), which was enjoying expansion, agricultural employment declined in the other agricultural sectors (animal production and field crops).

Table 6.13 Annual average rates of change for production volume, real prices and real value of agricultural products in the Netherlands from "1981" to "1991", in % terms

	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**3,6**	**5,5**	**6,6**	**5,4**	**-0,1**	**-2,9**	**-3,2**	**-2,2**	**3,5**	**2,4**	**3,2**	**3,0**
Fresh vegetables	3,3	4,0	6,6	4,8	-0,1	-3,1	-2,2	-1,8	3,3	0,7	4,3	2,9
Flowers	6,7	7,2	9,3	7,9	-0,6	-2,0	-6,1	-3,2	6,1	5,1	2,7	4,4
Final animal output	**2,6**	**0,2**	**0,2**	**0,9**	**-1,1**	**-3,4**	**-2,0**	**-2,2**	**1,4**	**-3,2**	**-1,9**	**-1,3**
Cattle	2,3	0,2	2,9	1,9	-1,9	-2,9	-3,6	-2,9	0,3	-2,7	-0,7	-1,0
Pigs	4,6	5,0	0,3	3,0	-2,3	-8,9	1,0	-3,0	2,2	-4,4	1,3	-0,2
Milk	1,5	-3,1	-2,0	-1,3	0,3	0,7	-2,8	-0,8	1,7	-2,4	-4,7	-2,1
Final output	**2,9**	**2,0**	**2,7**	**2,6**	**-0,8**	**-3,1**	**-2,5**	**-2,2**	**2,1**	**-1,2**	**0,1**	**0,3**
Intermediate consumption	**1,8**	**2,9**	**1,1**	**1,9**	**-0,3**	**-5,0**	**-1,8**	**-2,3**	**1,6**	**-2,3**	**-0,7**	**-0,5**
Gross value added at m.p.	**4,1**	**1,1**	**4,4**	**3,3**	**-1,3**	**-1,1**	**-3,3**	**-2,1**	**2,7**	**0,0**	**1,0**	**1,2**
Subsidies									6,0	-7,9	9,7	3,0
Taxes linked to production									6,4	4,8	-0,8	3,0
Depreciation									2,5	10,0	5,7	6,0
Net value added at f.c.									**2,6**	**-2,3**	**0,1**	**0,1**
Rent									0,4	3,0	-2,1	0,2
Interest									-5,0	0,7	5,4	0,8
Net income of total labour									**4,3**	**-3,1**	**-1,0**	**-0,1**
Compensation of employees									-0,6	3,3	5,9	3,2
Net income of family labour									**5,3**	**-4,4**	**-2,8**	**-0,9**

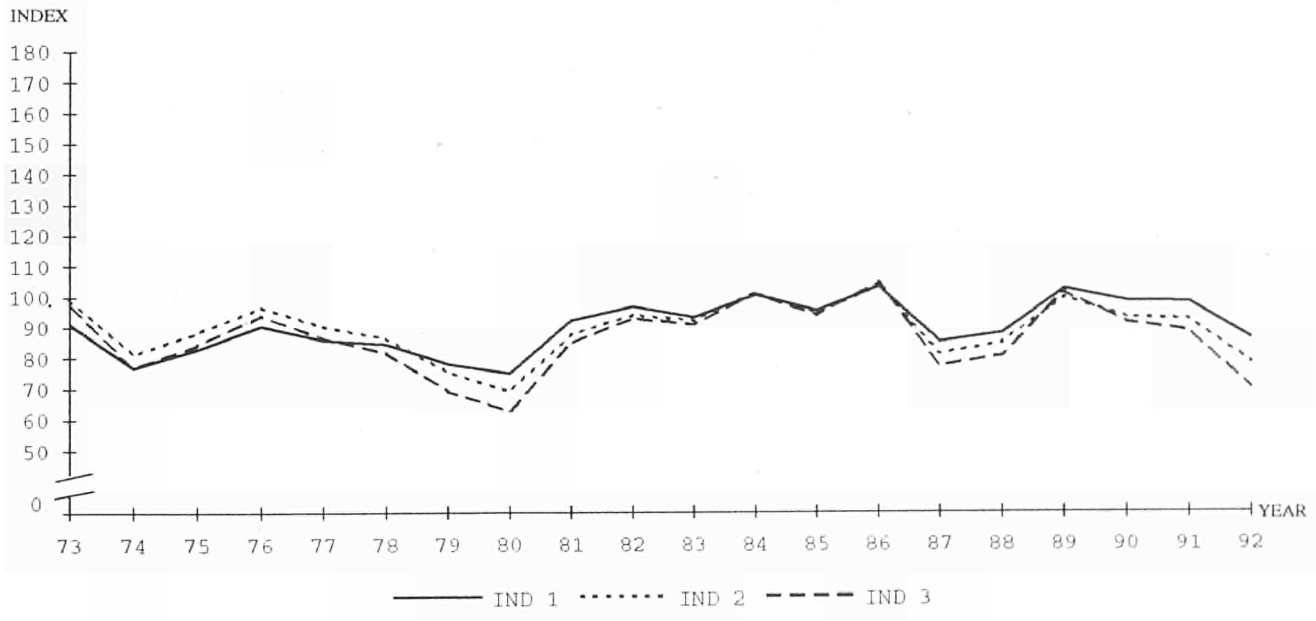
NB: SSP1 = "1981"/"1984" SSP2 = "1984"/"1987" SSP3 = "1987"/"1991" P = "1981"/"1991"

The increase in the real net value added at factor cost is the result of a constant increase in real productic value (unique in EUR 12 despite a levelling-out from 1985 onwards, and particularly 1987 due in part

milk quotas), which reflects a production volume growing by an annual +2.6% and a more moderate fall in real producer prices (-2.2% as an annual average). The moderate decline in the real prices of agricultural products is due to several factors: a very low inflation rate (the lowest in EUR 12), a large share of production marketed in developing sectors (flowers, etc.) and a less unfavourable trend in real institutional prices than in the other Member States (-2.1% per year compared with -3.3% for EUR 12). The use of intermediate consumption declined in real value (-0.5% per year, which is close to the Community average), and therefore the agricultural branch benefited from improved productivity of intermediate consumption and improved "price scissors" (+0.7% and +0.1% per year respectively).

Agricultural production is dominated by animal production, which represented about 65% of final production in 1985. The main agricultural products are milk, flowers, pigs, cattle and fresh vegetables, which together constitute about 80% of total production. The volume of milk production fell by an average of -1.3% per year. This decline began in 1984 after the introduction of the new Community policy for the milk sector (-2.6% per year from "1984" to "1991"). Cattle production was also affected by large-scale slaughtering following the decline in milk quotas. This helped to aggravate the situation of this sector's markets. The annual growth in production volume was +1.9% for the reference period and +1.6% between "1984" and "1991". In spite of a levelling-out of the growth of production volume between "1987" and "1991" (+0.3% per year as against +4.9% between "1981" and "1987"), pig production continued to expand. The structure of the trend in real prices for the main animal products (milk, cattle and pigs) was fairly similar: a slight increase from 1980 to 1982, a decline from 1983 to 1992 as a result of flooded markets and a stricter Community policy, a degree of recovery in 1988 and 1989 (only 1989 for pigs and 1992 for cattle) with the markets benefiting from favourable economic conditions and a relative structural adjustment of production. Over the period "1981"/"1991", the fall in real average prices per year was -0.8% for milk, -3.0% for pigs and -2.9% for cattle.

Graph 6.11 **Development of the three indicators of agricultural income in the Netherlands between 1973 and 1992, with "1985" = 100**



Flower production, which plays a major role in the crop sector, increased in volume at an annual rate of +7.9% for the reference period. Real prices of flowers fell regularly, so that by the end of the reference period an annual decrease of -3.2% was recorded. Fresh vegetable production also increased substantially, the growth rate for volume being +4.8% per year, and a similar acceleration took place during the second half of the decade. Real prices fluctuated greatly but there was a general decline of -1.8% per year for the overall period.

Intermediate consumption increased slightly in volume terms by +1.9% per year, a higher rate than the Community average. After increasing unevenly between "1981" and "1984" (+1.8%), it then developed strongly before finally slowing to an annual rate of +1.1% between "1984" and "1991". This should be seen in the context of the slight decline in animal production, of which the final production share (65% in 1985) fell to 56% in "1991". The decline in real prices of intermediate consumption per year (-2.3%), though slightly more than the decline in real prices of products, was slightly lower than the Community average. The share of final production represented by taxes linked to production is higher than that of subsidies (as in France and Denmark).

There was a considerable increase in the use of capital in the Netherlands, as shown by the trend in depreciation in real terms, which, with an average annual rate of change of +6.0% from "1981" to "1991", is one of the highest in EUR 12. The strong development in real interest charges, rents and compensation of employees (+0.8%, +0.2% and +3.2% per year respectively) compared with the increase in gross value added, combined with the reduction in family workers (-1.4%), led to a smaller annual increase in agricultural income Indicators 2 and 3 than in Indicator 1 (+0.5% and +0.4%).

6.12 Portugal

Agricultural income in Portugal as measured by Indicator 1 was fairly stable (+0.1% per annum) during the period under review. Following slight improvements from "1981" to "1984" (+1.0% per annum), it fell until "1987" (- 1.1% per year). There was an increase of only +0.2% per annum from "1987" to "1991" (this contrasted with the surge in income recorded for EUR 12), because the rise in 1989 (+16.9%) was mostly offset by significant falls in 1988 (- 15.8%), 1991 (-8.6%) and 1992 (-8.7%). The stability of agricultural income during the reference period reflects the similar trends in real net value added at factor cost (-3.3%) and agricultural labour input (- 3.3%), which balanced each other out over the period as a whole.

Table 6.14 Annual average rates of change for production volume, real prices and real value of agricultural products in Portugal from "1981" to "1991", in % terms

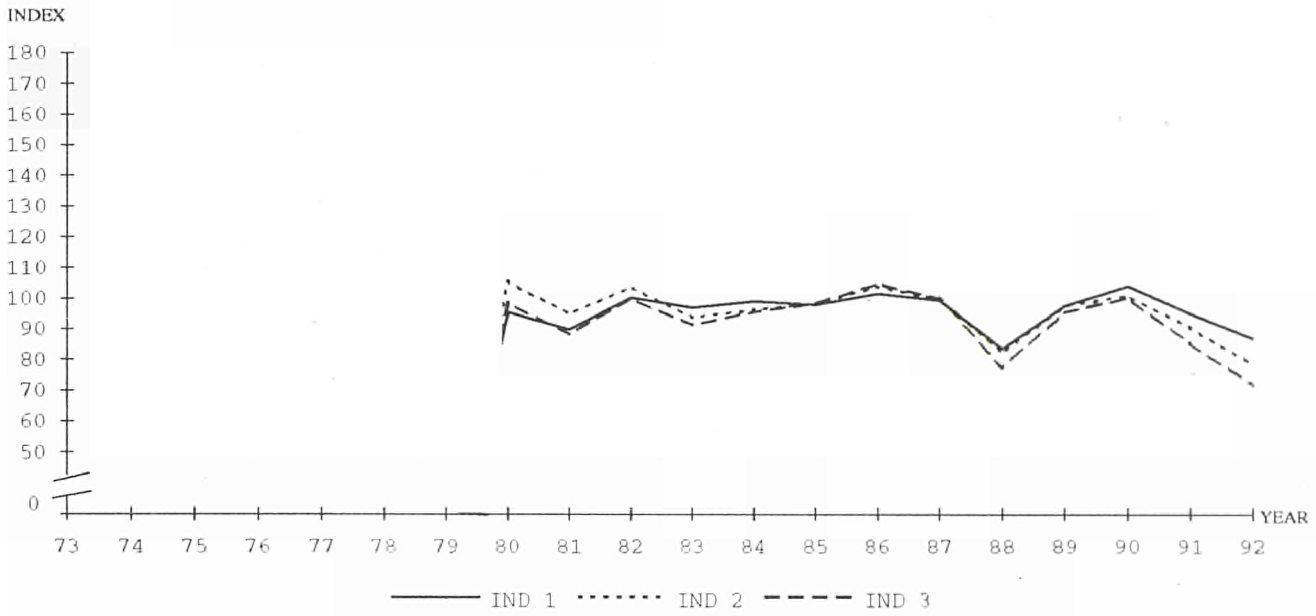
	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**1,3**	**-0,3**	**3,7**	**1,8**	**-3,7**	**-3,4**	**-7,2**	**-5,1**	**-2,5**	**-3,7**	**-3,8**	**-3,4**
Cereals	1,8	6,9	-2,7	1,5	7,1	-4,4	-13,7	-5,1	9,0	2,2	-16,0	-3,7
Fresh vegetables	5,1	-2,1	3,1	2,1	-5,0	-2,4	1,0	-1,9	-0,2	-4,5	4,1	0,2
Wine	-2,3	-4,8	12,0	2,4	-10,7	-4,4	-12,7	-9,7	-12,8	-9,0	-2,2	-7,5
Final animal output	**-0,7**	**3,3**	**4,0**	**2,4**	**2,9**	**-5,6**	**-10,1**	**-5,0**	**2,2**	**-2,5**	**-6,5**	**-2,7**
Cattle	-1,5	2,3	1,8	0,9	4,1	-4,6	-12,1	-5,2	2,5	-2,4	-10,6	-4,3
Pigs	-1,3	1,1	7,0	2,7	3,8	-6,9	-9,5	-4,9	2,5	-5,9	-3,2	-2,4
Sheep and goats	0,1	4,1	-0,5	1,0	0,0	-7,1	-8,2	-5,5	0,1	-3,3	-8,7	-4,5
Milk	1,1	5,7	5,4	4,2	3,2	-4,3	-8,3	-3,8	4,3	1,2	-3,3	0,3
Final output	**0,4**	**1,8**	**3,8**	**2,1**	**-0,4**	**-4,7**	**-8,4**	**-5,0**	**0,0**	**-3,0**	**-5,0**	**-2,9**
Intermediate consumption	**-2,3**	**1,2**	**2,8**	**0,8**	**6,2**	**-3,9**	**-7,1**	**-2,3**	**3,8**	**-2,7**	**-4,5**	**-1,5**
Gross value added at m.p.	**3,6**	**2,3**	**4,8**	**3,7**	**-6,6**	**-5,5**	**-9,7**	**-7,5**	**-3,3**	**-3,3**	**-5,4**	**-4,1**
Subsidies									28,3	23,2	22,5	24,4
Taxes linked to production									3,8	-23,1	-27,6	-17,9
Depreciation									-2,1	12,6	4,4	4,8
Net value added at f.c.									**-2,9**	**-3,1**	**-3,7**	**-3,3**
Rent									-1,0	5,4	-2,6	0,2
Interest									15,9	-8,0	3,7	3,4
Net income of total labour									**-5,5**	**-2,3**	**-5,2**	**-4,4**
Compensation of employees									-8,9	-2,3	-0,8	-3,7
Net income of family labour									**-4,7**	**-2,3**	**-6,2**	**-4,6**

NB: SSP1 = "1981"/"1984" SSP2 = "1984"/"1987" SSP3 = "1987"/"1991" P = "1981"/"1991"

The value of production decreased in real terms (- 2.9% per annum) as a result of the fairly steep fall in rea prices (- 5.0%) and despite higher production volume (+2.1%). The downward movement in prices and th increase in volumes accelerated during the period "1981"/"1991" as a result of Portugal's entry into th

European Community. The use of intermediate consumption grew in volume terms by +0.8%, while the decline in real prices (-2.3%) was less dramatic than in the other Member States, possibly as a result of the dominant role played by the State in the marketing of energy products and animal feedingstuffs in the early 1980s. The average productivity of intermediate consumption improved over the reference period by an average of +1.4% per annum, although the rate of increase was on a downward trend (i.e. marginal productivity declined) as intermediate consumption reached an intensive level.

Graph 6.12 **Development of the three indicators of agricultural income in Portugal between 1973 and 1992, with "1985" = 100**



The average "price scissors" deteriorated sharply (- 2.7% per annum on average, this being the steepest fall in EUR 12). Nevertheless, the deterioration was cushioned by Portugal's entry into the Community, which meant lower prices for agricultural products but also for intermediate consumption.

Agricultural production in Portugal breaks down fairly evenly between animal and crop production. The products examined below (cereals, fresh vegetables, wine, pigs, milk and cattle) represent about two-thirds of final production. Crop production grew in volume terms by an annual average of +1.8%. This increase was not spread evenly over the reference period: after rising by +1.3% per annum between "1981" and "1984", crop production declined by - 0.3% between "1984" and "1987", before recovering by +3.7% between "1987" and "1991". These short-term fluctuations were caused by climatic conditions, which can have very marked effects in Portugal. The volume of cereal production rose by +1.5% per annum. The increase was not consistent, however, owing to fairly large variations in the area under cultivation. Real prices of cereals rose by +7.1% per annum between "1981" and 1984", only to decline by -9.1% per annum in the following years. The volume of fresh vegetable production increased by +2.1% per annum and that of wine by +2.4% per year, with major annual fluctuations in both cases. For example, wine production fell by a massive - 66.8% in 1988, bringing about a steep decline in income. The real prices of fresh vegetables and wine declined in the period under review by -1.9% and -9.7% per annum respectively, both figures concealing wide annual fluctuations.

In line with the growth in meat consumption, the volume of animal production rose significantly (+2.4% per annum) over the reference period (one of the biggest increases in the Community). This increase was largely concentrated in the period from "1984" to "1991" (+3.7% per annum), led by pig production (+4.1% per annum) and milk production (+5.6% per year). Cattle, pig and milk production increased in volume terms by +0.9%, +2.7% and +4.2% respectively. Following increases of +2.9% from "1981" to "1984", real prices of

animal production fell steeply (- 7.9%) from "1984" to "1991". From "1981" to "1991", real prices recorded annual average falls of -5.2% for cattle, - 4.9% for pigs and - 3.8% for milk.

The share of depreciation in final production is below the Community average, but has been on an upward trend (+4.8% per annum), which might indicate growing capital intensiveness in Portuguese agriculture. The value of subsidies rose (+24.4% per annum in real terms), particularly following Portugal's entry into the Community, to reach one of the highest levels in EUR 12. Taxes linked to production, which are among the lowest in the Community, declined by an annual average of -17.9%. Increases in annual interest payments of +3.4% (one of the highest in EUR 12, further evidence of capital investment), combined with slightly higher rents (+0.2% per annum) and a decline in compensation of employees of - 3.7% per annum in real terms (although this is not a major cost item, given the importance of family labour input in Portuguese agriculture), caused Indicators 2 and 3 to decline slightly (- 1.2% and -1.0% respectively per annum).

6.13 United Kingdom

Agricultural income in the United Kingdom, as measured by Indicator 1, stagnated (0.0% per year) during the reference period, in spite of strong fluctuations, which constitutes the second most unfavourable result in the Community. This stabilization of income appears to result from the combination of a negative trend which has existed since "1974" and the development observed in other Community Member States. Therefore, while the sub-periods marked by a high Community level recorded a more moderate development in the United Kingdom, the stagnation of incomes in the "1984"/"1987" period were reflected in a decline for this Member State (-1.9%). Agricultural income was at its lowest level for ten years, with the exception of 1988, when there was a dramatic decline (-10.2%), in the wake of stagnation in production value, the sharp increase in running costs and high inflation. The general fall in income follows the trend in production volume fairly closely. After increasing from "1981" to "1984" (+2.2% per annum), it stabilized. Over the period "1981"/"1991" the annual increase was limited to +1.1% (which is lower than the EUR 12 figure +1.4%). The impact on income of this slow development was compounded by a slightly steeper fall in real prices (-3.5% per year) than for EUR 12 (-3.3%).

Table 6.15 Annual average rates of change for production volume, real prices and real value of agricultural products in the United Kingdom from "1981" to "1991", in % terms

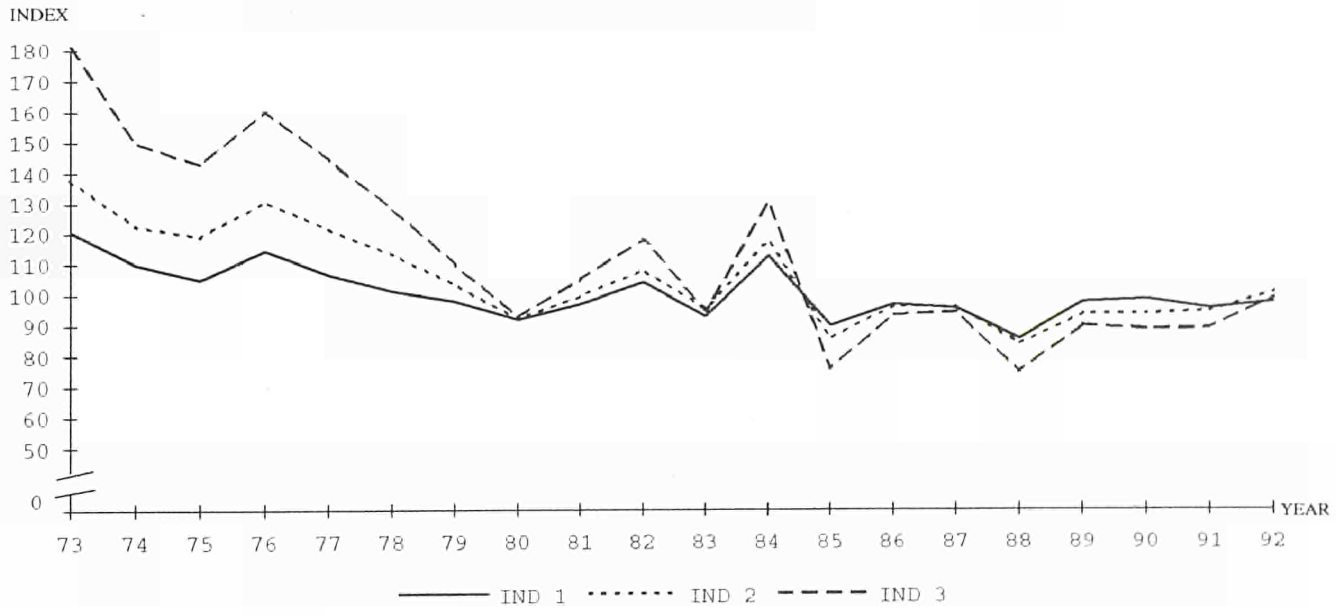
	Volume				Real price				Real value			
	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P	SSP1	SSP2	SSP3	P
Final crop output	**5,3**	**1,3**	**1,2**	**2,5**	**-2,3**	**-4,7**	**-3,8**	**-3,6**	**2,8**	**-3,4**	**-2,6**	**-1,2**
Cereals	8,1	-0,5	0,9	2,6	-4,7	-6,8	-4,9	-5,4	3,0	-7,3	-4,0	-3,0
Fresh vegetables	1,8	3,2	0,9	1,9	1,3	-2,1	-3,0	-1,4	3,1	1,0	-2,1	0,4
Final animal output	**0,6**	**-0,5**	**0,7**	**0,3**	**-2,8**	**-3,1**	**-4,3**	**-3,5**	**-2,2**	**-3,6**	**-3,7**	**-3,2**
Cattle	1,6	-2,5	1,6	0,3	-3,5	-3,1	-6,1	-4,4	-1,9	-5,6	-4,6	-4,1
Pigs	0,4	0,8	-0,3	0,3	-3,3	-6,3	-2,8	-4,0	-2,9	-5,5	-3,1	-3,8
Milk	0,6	-1,8	-1,2	-0,8	-2,6	-1,6	-2,1	-2,1	-2,0	-3,3	-3,3	-2,9
Final output	**2,2**	**0,1**	**0,9**	**1,1**	**-2,5**	**-3,7**	**-4,1**	**-3,5**	**-0,3**	**-3,6**	**-3,2**	**-2,5**
Intermediate consumption	**1,7**	**0,1**	**-1,6**	**-0,1**	**-0,4**	**-4,3**	**-2,4**	**-2,4**	**1,2**	**-4,1**	**-4,0**	**-2,5**
Gross value added at m.p.	**3,4**	**0,1**	**4,0**	**2,6**	**-5,3**	**-3,0**	**-6,0**	**-4,9**	**-2,1**	**-2,9**	**-2,2**	**-2,4**
Subsidies									13,4	-0,5	2,5	4,7
Taxes linked to production									4,3	13,2	-8,1	1,6
Depreciation									-1,8	-1,4	-2,7	-2,0
Net value added at f.c.									**-0,9**	**-3,7**	**-1,2**	**-1,9**
Rent									10,4	-0,6	-9,5	-1,2
Interest									-1,0	-1,1	0,6	-0,4
Net income of total labour									**-1,3**	**-4,3**	**-1,2**	**-2,2**
Compensation of employees									0,0	-3,0	-1,9	-1,7
Net income of family labour									**-2,0**	**-5,2**	**-0,7**	**-2,5**

NB: SSP1 = "1981"/"1984" SSP2 = "1984"/"1987" SSP3 = "1987"/"1991" P = "1981"/"1991"

The period "1981"/"1984" was marked by a sharp average annual increase in the volume of crop production (+5.3%), which, though only representing 38% of final production, caused most of the total production increase. Indeed, the volume of animal production levelled out over the entire period (+0.6% from "1981" to "1984" and +0.2% from "1984" to "1991"). During the second half of the decade, the crop production growth rate slowed down considerably as a result of a more restrictive agricultural policy. Partly as a consequence of this policy, the volume of cereal production, which had increased by +8.1% from "1981" to "1984", stabilized from "1984" to "1991" (+0.3%) (barley in particular). The volume of fresh vegetable production increased gradually (+1.9% as an annual average). Real prices of cereals fell from "1981" to "1984" (-4.7%) and even more sharply afterwards (-5.7% over the period "1984/"1991"). Whilst the real price of fresh vegetables had increased by +1.3% from "1981" to "1984", it declined by -2.6% from "1984" to "1991".

The stability of the volume of animal production from "1981" to "1984" is mainly the result of the slow development of milk, cattle and pig production (+0.6%, +1.6% and +0.4% per year respectively). This restricted growth turned into volume decreases in the milk and cattle sectors between "1984" and "1991" (-1.5% and -0.2% per year respectively) following the introduction of milk quotas. The pig sector also recorded a relative stabilization of its production volume (+0.3% per year) for the whole reference period. The development of sheep production (+4.4% per year) contributed to the slight increase in animal production volume over the second half of the decade. Real prices for cattle, pigs and milk remained relatively stable at the start of the 1980s before declining (-4.4%, -4.0% and -2.1% respectively for the whole period).

Graph 6.13 **Development of the three indicators of agricultural income in the United Kingdom between 1973 and 1992, with "1985" = 100**



Intermediate consumption declined only slightly in volume (-0.1% as an annual average from "1981" to "1991") with a slight decline (-0.9% per year) from "1984" to "1991", which led to an increase in the productivity of this item by +1.2% per year over the whole period. The "price scissors" deteriorated by -1.1% per year, following a fall in real intermediate consumption prices (-2.4% per year) which was less steep than the fall in real product prices. Indeed, the stronger £ sterling from 1986 onwards resulted in a fall in the prices of imported intermediate consumption.

Although none of the costs included in the calculation of income is unusually high, the proportion of final production represented by net income (for total labour input) is only 30% compared with 39% for EUR 12.

Fluctuations in Indicator 2 may be explained by this low level. This volatile situation becomes even more accentuated for Indicator 3, owing to the very high employee compensation charges in the United Kingdom (about 18% of the final product compared with 10% for EUR 12). They fell by -1.7% per year over the period under study, whereas interest payments remained relatively constant (-0.4%) in real value terms.

In spite of a slight increase in the rate of decline of agricultural labour input during the second half of the decade, agricultural employment only fell by -1.8% per year for total labour input (-3.1% for EUR 12) and by -1.2% per year for family workers. As a result, agricultural income Indicators 2 and 3 fell by -0.4% and -1.3% per year respectively.

7 COMPARISON OF AGRICULTURAL INCOME LEVELS IN THE MEMBER STATES OF THE COMMUNITY

The previous chapters have concentrated on the annual rates of change of agricultural income. This chapter deals with the differences in income levels between the Member States and the relative trends in these levels(1).

For this purpose, the parameter chosen is **net value added at factor cost per annual work unit**. Three-year averages have been used ("1991" for the comparison of current levels, with "1981" and "1985" for trends in income levels(2)) in order to attenuate the short-term effects on income (annual fluctuations in production, agricultural prices and subsidies). The basic data in nominal value and national currencies have been converted into ecu and PPS via current exchange rates. The use of PPS brings the purchasing power of the national currencies in the Member States more into line(3). To improve comparability, the values for each Member State have been compared with a Community average.

The statistical and methodological reservations expressed below mean that, economically speaking, the data published in this chapter can only be regarded as indicative and limited in value.

- The data refer only to incomes from agricultural activity. It should not be forgotten that for numerous farmers, agricultural income represents only one part of the total or disposable income of their household. The relative size of this portion can of course vary from one Member State to another.
- The use of other income indicators, such as net income from agricultural activity of the family labour input by AWU, might show significant changes in the relative position of certain Member States, since the share of rents, interest paid and compensation of employees differs from one country to another. As stated in the introduction, however, the corresponding series do not seem to be sufficiently harmonized as yet.
- Methodological and statistical checking of the Economic Accounts for Agriculture is in hand; this applies to all the items (production, intermediate consumption, distributive transactions, gross fixed capital formation and depreciation) and will probably lead to more amendments to the absolute levels than to the annual changes. In particular, it will be seen that the various methods used to calculate depreciation could create systematic bias in income levels.
- The agricultural labour input is measured in annual work units; this is justified by the importance of part-time work in agriculture. In spite of the advantages which this concept presents, one should not forget that it does not allow any under-employment in agriculture to be taken into account. In addition, data on the agricultural labour input measured in AWU are not yet completely harmonized at Community level.

With the above reservations in mind, it is clear that considerable differences in agricultural income per annual work unit exist between the Member States (see graph 7.1 and Table 7.1). It is also evident that the relative levels and the income order of Member States change little according to whether the ecu or PPS is taken as the basis, and have changed only slightly over the ten-year period.

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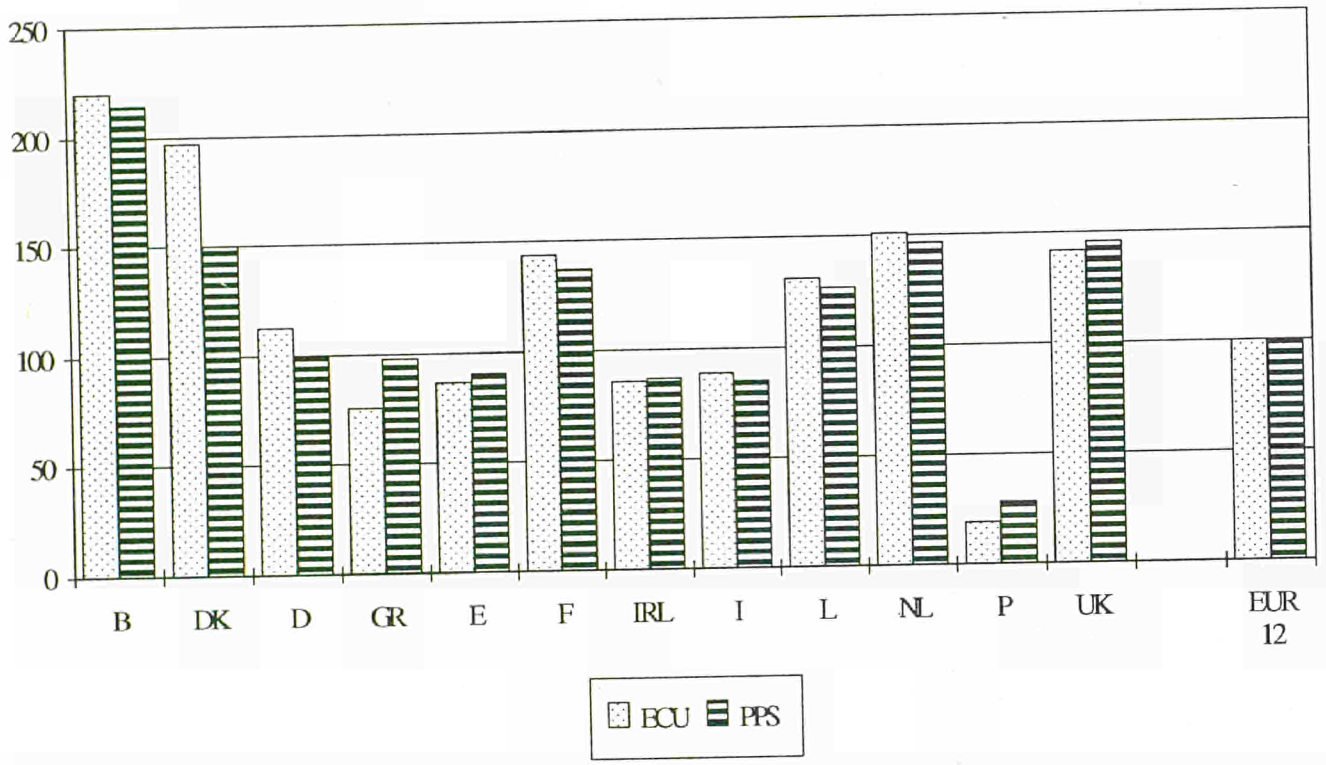
(1) For Italy (depreciation) and Portugal, more detailed plausibility checks are in hand.
(2) "1991" = (1990 + 1991 + 1992)/3.
(3) PPS = purchasing power standard; for the definition, see Eurostat: **Purchasing power parities and real gross domestic product - results for 1985, Luxembourg 1988** (theme 2, series C). In the absence of specific purchasing power parities for the agricultural sector, the ones used are applicable to the whole economy and reflect the general structure of expenditure in each Member State.

Two Member States of northern Europe (Belgium and Denmark) are at the top of the agricultural income scale measured by **net value added at factor cost for "1991" in ECU**, with levels about twice as high as the Community average. In the Netherlands, France, the United Kingdom and Luxembourg, agricultural income is also well above the Community average (about 30%-50% higher), whereas in Germany it is only slightly over 10% higher. Agricultural income is clearly below the Community average in the other Member States, although in Ireland and in two Mediterranean countries (Italy, Spain) the difference is moderate (from 10 to 15% below the average). Income is much lower in Greece (about 25% less than the average) and Portugal, at around one-fifth of the average. Although direct comparisons between Member States, especially using ecu, should be treated with caution (see the reservations stated above), it can be concluded that the differences in income received by a person (whether self-employed or employed) for activities in the agricultural branch over a one-year period (after adjustment for subsidies, taxes linked to production and depreciation) may be very substantial, especially in extreme cases (Belgium and Portugal).

Graph 7.1 **Indices of net value added at factor cost per annual work unit in "1991", in ECU and PPS (EUR 12 = 100).**



The use of PPS for measuring **net value added at factor cost** slightly reduces differences in agricultural income between Member States. Income measured in PPS is in fact lower in relative terms than when measured in ecu for almost all Member States above the Community average (except the United Kingdom, where income in PPS is slightly higher), Denmark being an especially clear-cut case. In four of the countries below the average (GR, E, IRL and P), conversion into PPS results in some improvement in the relative position of income, whereas in the case of Italy the difference (in the other direction) is small. Although Portugal's relative position definitely improves with the use of PPS (its difference with the countries who have a relatively high agricultural income is clearly reduced as a result), agricultural income in that country remains by far the lowest in the Community (28% of the average). It should be added that the order of classification of the Member States according to level of agricultural income is only very slightly changed by conversion into PPS instead of ECU: France moves from fourth to fifth position, giving way to the United Kingdom, and Greece changes places with Italy (eleventh and eighth).

Table 7.1 **Indices of net value added at factor cost per annual work unit in "1981", "1985" and "1991", in ECU and PPS (EUR 12 = 100)**

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
"1981" ECU	242,9	203,2	116,6	82,1	60,3	148,4	72,3	94,4	130,6	261,8	18,3	189,4	100.0
"1985" ECU	224,6	257.0	113,5	75,3	64,5	144,2	80,3	94.0	140,7	270,6	17,7	167,8	100.0
"1991" ECU	219,8	197,2	112,9	75,4	86,6	143,5	85,6	89,1	131,1	151,1	19,3	141,8	100.0
"1981" PPS	213,6	156.0	100,1	89.0	70.0	129,3	68,2	108,6	117,7	222,6	31,4	167,8	100.0
"1985" PPS	216,5	194,2	98,2	88.0	79,4	129,3	71,2	96.0	133,2	241,2	31,4	163,5	100.0
"1991" PPS	214,5	150,1	100.0	97,9	90,6	137,1	87,1	85.0	126,6	146,4	28,2	145,7	100.0

The differences between the levels of agricultural income of the Member States in "1991" having been described, there follows a brief review of the trend in their relative positions since 1980 (see Table 7.1). For this purpose, the relative positions of net value added at factor cost per AWU have been calculated in ecu and PPS for each Member State, taking as a reference the NVAfc of EUR 12 for each of the years studied ("1981", "1985" and "1991").

When measured in PPS, which would appear preferable for a comparative analysis of income levels over a ten-year period, the relative situations of some Member States changed significantly over the decade, as a result of differing trends compared with the Community average. Substantial improvements, for example, are to be found in the Netherlands, Spain, Ireland and Luxembourg, and significant declines in the United Kingdom and Italy, in line with the trends of agricultural income Indicator 1 recorded for these countries (see Chapter 6).

In 1981, the two Member States with the highest agricultural income were the Netherlands and Belgium. The level of agricultural income in Belgium has remained relatively constant during the "1981", "1985" and "1991" periods. With the revision of the Dutch Economic Accounts for Agriculture since 1987, their relative income is now estimated to have decreased about 40% and they have now fallen behind Denmark. In Denmark, income increased sharply in the middle of the decade and then fell back to just a little less than its relative level in "1981" (50% more than EUR 12), whilst moving to second in the Community also because of the decline recorded in the United Kingdom (where income is only 45% above the average as against nearly 70% ten years ago). The relative situation of Luxembourg improved at the beginning of the decade (moving from sixth to fifth place, above France) but this position has now been reversed in "1991", although both are still some seven percent higher than the "1981" level, at an overall 25-40% above the Community average. In Germany, income remained very close to the EUR 12 level throughout the decade.

Among the Member States which are below the Community average, the relative situations of Greece, Ireland and especially Spain improved considerably, over the second part of the ten-year period for the first two, and on a constant basis for Spain. Agricultural income in Spain is now less than 10% below the average, as against 30% ten years ago; in Greece the difference has moved from over 10% to less than 5% and in Ireland from over 30% to 13%. The opposite occurred in Italy, where relative income has declined steeply, so that it is now at the same level as in Ireland, whereas in "1981" it was above the average and that of Germany. Finally, the relative situation of agricultural income in Portugal remained stable, at about 30% of the Community average.

8 TOTAL INCOME OF AGRICULTURAL HOUSEHOLDS

8.1 Introduction

The Economic Accounts for Agriculture, and hence the income indicators used elsewhere in this publication, give information on the level and development of income arising from the production of agricultural commodities. While this is a central element in the income of the agricultural community, there is now a strong realisation that the economic situation of the households which comprise this community cannot be adequately described using these indicators alone. Previous Agricultural Income reports have given information about the work which Eurostat is undertaking, with the support of the Directorate-General for Agriculture and with the co-operation of Member States, into estimating the aggregate incomes of agricultural households. This has become known as the Total Income of Agricultural Households (TIAH) project. The need for this project is now well established and has been repeatedly endorsed by high-level reviews of the agricultural statistics available within the Community. This chapter describes progress to date, concentrating on the most recent developments.

From the outset of the Common Agricultural Policy it has been recognized that agriculture interacts with the rest of the economy, especially the local economy in rural areas. The Farm Structure Survey has established that about one third of farm holders have another gainful activity[1], to which, when assessing the importance of these links, should be added the work of spouses and other members of farmers' households in activities off the holding. The use of farm resources in forms of production which are not strictly agricultural (such as food processing, tourism and the provision of environmental services) is encouraged as one way of enabling farmers to cope with the changes to the CAP which are intended to make Community agriculture more sensitive to market conditions. To these sources of income from economic activity could be added other forms of direct payments which either already exist (for example, pensions received by elderly farmers, which are important in some Member States) or are in the process of being introduced by the Commission as part of its CAP reform package. Thus, while it is widely recognised that farmers and their households as a group have always secured part of their incomes from non-agricultural sources, a more precise knowledge of the composition of overall income and the ways that this income is changing in the present evolving economic situation is of increasing importance. There is therefore a requirement for reliable and harmonized information on the overall income situation of farmers and their households. Following on from the initial assessment of the available information on the total income of agricultural households and the establishment of a methodology (both of which have been published by Eurostat)[2], Member States have been applying this

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1) The Farm Structure Survey found in 1987 that the following percentages of holders had another gainful activity: Belgium 33%, Denmark 33%, Germany 43%, Greece 33%, Spain 30%, France 32%, Ireland 37%, Italy 24%, Luxembourg 19%, Netherlands 24%, Portugal 38%, United Kingdom 24%: EUR 12 30%.

2) Hill, Berkeley (1988) Total Income of Agricultural Households. Theme 5, Series D. Luxembourg: Eurostat. Eurostat (1990) Manual on the Total Income of Agricultural Households. Theme 5, Series E. Luxembourg: Eurostat.

methodology, an important component of which is the harmonized definition of an agricultural household. This is taken to be a household in which the main source of income of a reference person (typically the head of household) is from independent activity in agriculture (farming)[3]. This definition is "narrow" in the sense that some households which operate agricultural holdings do not qualify for inclusion. It has been chosen for carefully considered reasons, which include compatibility with developments in national economic accounts covering households in general and practical considerations in most Member States. Of course, alternative definitions may have a place when describing the incomes of households involved in farming in specific policy scenarios.

Figure 8.1 Objectives of the TIAH project

A harmonized methodology is to be used to generate an aggregate income measure for the following purposes:

- *monitoring the year-on-year changes in the total income of agricultural households at aggregate level in Member States;*
- *monitoring the changing composition of income especially the proportions of income from the agricultural holding and from other gainful activities, from property and from social benefits;*
- *comparing the trends in the total income of agricultural households per unit (household, household member, consumer unit) with that of other socio-professional groups;*
- *comparing the absolute income of farmers with that of other socio-professional groups, on a unit basis.*

It is worth restating the objectives of the TIAH project (see Figure 8.1). The intention is to provide information at aggregate level on household incomes in each Member State as a supplement to the existing production-branch indicators. There is no suggestion that the new measure should be a substitute for them. While the objectives remain firm, there is constant dialogue between Eurostat, the users of statistics within the Commission, and representatives of Member States on the detailed ways in which they can be implemented.

8.2 Recent progress

8.2.1 Countries and years covered

At the outset, countries differed in the basic data which could be used to construct estimates of income of agricultural households and in their experience of making such calculations. Consequently, some Member States have had to take far greater steps than others and a variety of approaches are in use, depending on data sources. However, by the end of 1992, all twelve countries had provided results, though with varying degrees of coverage in terms of years and detail. The following table gives the present position.

3) The use of a reference person system represents a change from the initial "target" definition, which was based on the composition of the income of the entire household. The reason for this change, made essentially for greater practicality, is explained at greater length in the Total Income of Agricultural Households 1992 Report. Theme 5, Series C. Luxembourg: Eurostat.

Table 8.1 Years for which TIAH results are available[4)]

Member State	Years	Member State	Years
Belgium	1987	Ireland	1987
Denmark	1985, 1988	Italy	1984 to 1988
Germany	1972 to 1991	Luxembourg	1989
Greece	1982 to 1988	Netherlands (CBS)	1981, 1983, 1985, 1987, 1988
Spain	1981 to 1986	Portugal	1980 to 1990
France	1984 to 1989 (on comparable basis)	United Kingdom	1980 to 1988

Some Member States already calculate updated results on a regular basis. For others, particularly those relying mainly on surveys for basic data (such as the Family Budget Surveys which take place throughout the Community), the process of updating is more difficult and is heavily dependent on the frequency with which surveys are repeated. The TIAH project has identified as a priority the provision of additional results as they become available.

To store the accumulating quantity of results, which for some countries is becoming very large, a database has been created using a micro-computer. A spreadsheet approach has been taken, with the aim of allowing flexible analysis and presentation of results covering a range of socio-professional groups of households (of which agricultural households remain, of course, the main interest), series of years and alternative ways of measuring income (total income, disposable income, income before tax, and so on). A micro-computer also ensures data confidentiality, important during the start-up phase of the TIAH project when figures for some Member States are provisional and, in others, experimental.

8.2.2 Publication of results

At the present stage of development of methodology and coverage, while for some Member States it would be appropriate to give absolute income figures for their agricultural households (and these may indeed be already published nationally), for others this is clearly not the case. It was therefore decided to present the initial results in the form of a special report (**Total Income of Agricultural Households 1992 Report**, prepared by B. Hill), published in three languages (DE, EN, FR) in May 1992. This gave the background to the TIAH project, an outline of the methodology, and an overall view of progress made and still to be achieved. In a series of twelve chapters the results for each Member State were presented in ways appropriate to the level of methodological development in that country. Since the Report was completed, additional information has been provided by Belgium, Germany, the Netherlands and Italy.

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4) These are the years covered in the principal TIAH data sources in Member States. Supplementary information exists in several countries, for example from the analysis of farm accounts in the Netherlands and the United Kingdom. See the Total Income of Agricultural Households 1992 Report. op. cit.

Though the methodology is less than fully implemented in some countries, requiring caution in interpreting results, even in an incomplete form the new information demonstrates the value of the TIAH project in terms of an ability to cast additional light on the income situation of the agricultural community in ways not possible using the existing branch Indicators 1 to 3. A summary of the main findings is given in Figure 8.2 below.

Figure 8.2 Summary of main results from the TIAH project

(a) Agricultural households are recipients of substantial amounts of income from outside agriculture. Though typically about a half to two thirds of the total comes from farming, there are large differences between Member States and some between years. Countries in which less than half of the total household income came from farming (using a reference person classification system and the latest year for which information is available) include Denmark, Germany, Spain and Italy. At the other end of the spectrum, with more than two thirds coming from farming, are Ireland, the Netherlands and Portugal.

(b) The total income of agricultural households is more stable than the income from independent agricultural activity. Non-agricultural income (taken together) is less variable from year to year than is farming income. Disposable income seems to be less stable than total income, but the relationship between the two depends on a variety of factors, including the way that taxation is levied.

(c) Countries differ in the share of income taken from agricultural households in taxation and other deductions, so that the same average total income figure can imply different levels of disposable income in different Member States. At one extreme are Germany and Denmark, where more than a quarter is taken, and at the other are Greece, Spain, Ireland and Portugal, where the estimates suggest that only a tenth or less of household income is removed in this way.

(d) For those countries in which comparisons are possible, agricultural households appear to have average disposable incomes which are typically higher than the all-household average. The relative position is eroded or reversed when income per household member or per consumer unit is examined. In Member States which have information extending over several decades (Germany and France, though in the latter case there are breaks in the methodology) the relative disposable income situation of agricultural households seems to have been deteriorating over time.

8.2.3 Extension of the methodology to cover a "broad" definition of an agricultural household

Recent changes and proposed changes in the CAP have meant that there is now a policy interest in extending the measurement of income from agricultural households selected using a "narrow" concept (those where farming is the main source of income of the reference person), on which the TIAH project has so far concentrated, to a "broad" concept, which would include all households which operate a holding. This would imply a very wide view of what constitutes the agricultural community, in some

countries covering many households where farming is only a very minor part of the total economic activity of family members and the generator of only a tiny part of overall household income. In some instances the policy interest for taking such a broad approach lies in clarifying the income situation of those households which operate an agricultural holding yet which are not mainly dependent on farming for their livelihood; that is, those which are inside a "broad" definition of an agricultural household but outside a "narrow" one. Consideration is being given, in conjunction with the Directorate-General for Agriculture and Member States, to how such an estimate might be achieved using a "broad" definition. However, this is seen as a supplement to, and not a replacement for, the present approach.

If, as an interim, the number of agricultural holdings found in the Farm Structure Survey is taken as a guide to the number of households which operate holdings (and which therefore might satisfy the "broad" definition), then it is clear that the relationship between the numbers of agricultural households corresponding to the "narrow" and "broad" definitions vary widely between Member States. Research in this area has been identified as a priority. Two studies have been commissioned in countries which are particularly well served with basic data (from the *Centraal Bureau voor de Statistiek* in the Netherlands and the *Statistisches Bundesamt* in Germany). In addition to throwing light on the numbers of agricultural households and average income levels associated with the two definitions, these studies will explore the practicality of using the "broad" approach.

8.3 Progress still to be made

The TIAH project is still in its establishment phase. Understandably, there are outstanding issues in the application of the methodology set out in the TIAH Manual. There is a general need to improve the quality of the statistics, especially in countries for which this form of calculation is new. Quality and gaps have formed the subject of bilateral correspondence with Member States, and it is hoped thereby to overcome many deficiencies. Discussion is also taking place on the ways in which the broad TIAH objectives can best be achieved, carrying implications for the basic "philosophy" of the project. In particular, this concerns whether it is necessary to generate annual results for all Member States or whether the general objectives could be met by annual figures for some but periodic studies in others. Generally, the countries supporting the periodic approach are those which face the most severe data difficulties, such as a dependency on Family Budget Surveys, which only take place at intervals of five to seven years, and with little possibility of interpolation between survey years. Despite the importance of the TIAH results and the strong interest in them from policymakers, the resource problems faced by many Member States mean that a flexible approach has to be adopted at present.

Other issues identified for further investigation and resolution include the way in which the choice of classification system, used to distinguish agricultural households from other households, affects the income results. Some Member States currently cannot use the "target" definition, based on the reference person's main income source, but apply a "main-occupation" approach. Their inability to conform with the "target", as least in the short term, is recognised. Nevertheless, ways of enabling them to move towards the common system, by changing their criterion or by adjusting their results, are being explored.

For the purpose of making an improved comparison between the income situation of agricultural households and that of other socio-professional groups within Member States, a set of standard groups has been proposed for application throughout the Community. Dialogue is taking place with Member States on the possibilities within existing data sources for generating estimates of disposable income for each of the proposed groups. It should be noted that such a detailed breakdown of the household sector can only

be made when using the "narrow" approach to household classification; a "broad" definition of an agricultural household would result in overlap with other socio-professional groups.

Steps are also being taken to enable more up-to-date results to be produced. However, in all countries the calculation of TIAH results is reliant on the availability of other statistics. Some of these, especially periodic surveys (such as Family Budget Surveys) or taxation statistics, often only appear considerably after the period to which they relate. Discussion is continuing with Member States on the possibility of extrapolating results so that they can be contemporary with the most recent set of branch income indicators; wide differences between countries are anticipated in their abilities to carry out extrapolation. However, this process of updating should not have priority over the more fundamental requirements of data reliability and harmonization.

Existing links are being strengthened with the Farm Accountancy Data Network (FADN) with regards to its proposed extension to include questions on the non-farming income of agricultural holdings within its field of observation[5]. This is seen as complementary to the TIAH project. Inevitably, there will be some policy questions concerning farm households that require distributional information, such as how the importance of additional income sources varies by farm size or farming type, which only microeconomic data sources such as FADN can supply. However, this does not diminish the need for sector-level TIAH estimates, particularly as FADN's proposals will take some time to implement.

Publication of TIAH results will continue to be made in the form of special reports rather than as part of the annual Agricultural Income report, at least for the time being. It is anticipated that a publication will be issued later in 1993 with new empirical data and methodological changes. This will include, for the first time, results for Belgium, additional and revised results for several other Member States, and summaries of the two studies mentioned above covering Germany and the Netherlands.

5) See Report from the Commission to the Council on the Farm Accountancy Data Network. COM(90) 144.

ANNEXES

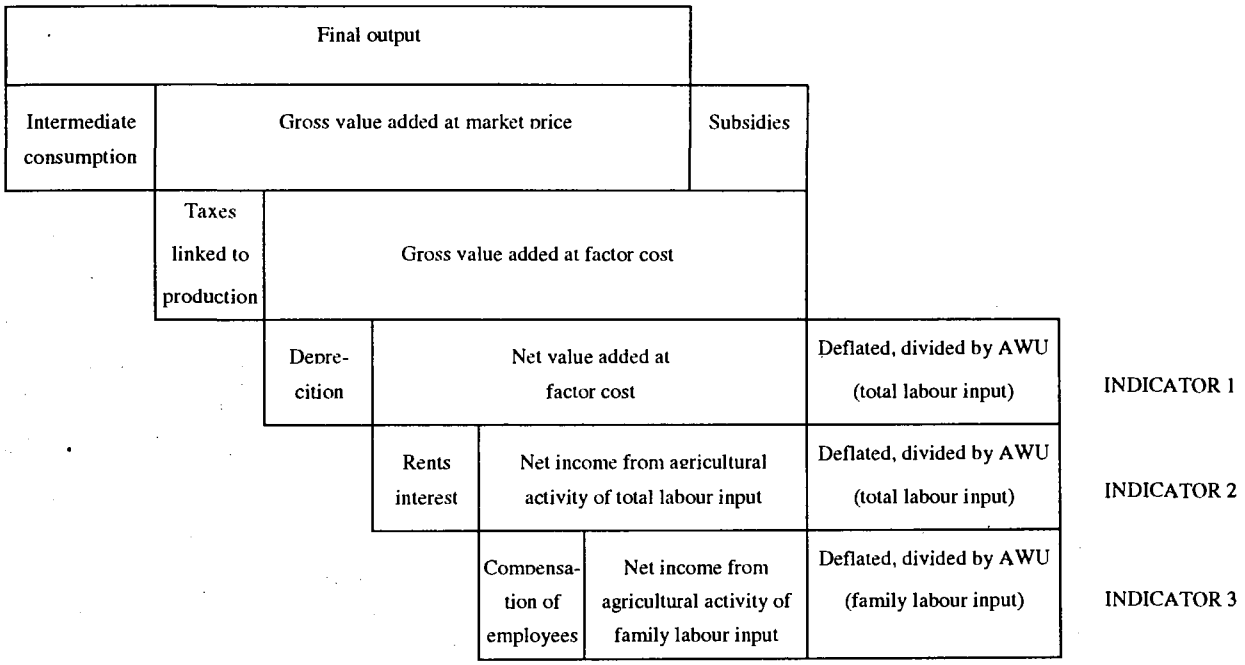
A.1 Notes on methodology

A.2 Detailed tables

I NOTES ON METHODOLOGY

A.1.1 Income indicators

Computation or estimation of income indicators is based on the Economic Accounts for Agriculture[1], which form part of the European System of Integrated Economic Accounts (ESA). The three indicators are worked out as follows:



The data cover the **production branch** "Products of Agriculture and Hunting" which includes all **agricultural production** (defined according to a list of products) resulting from a main or secondary activity, but excludes non-agricultural secondary activities of agricultural holdings. They therefore do not refer to the activity sector "Agriculture", which may be taken to be the total of economic activities of agricultural holdings. Nor are the aggregates and income indicators used in Chapters 2 to 7 of this publication indicative of the total income or disposable income of households engaged in agriculture, since these may receive income from sources other than agriculture (non-agricultural activities, wages or salaries, social benefits, property income) which are only dealt with in Chapter 8 of this report. In other words, **agricultural income** as described and analysed in this report must not be regarded as farmers' income.

It should also be noted that the concept used for assessing production, on which value added and income aggregates naturally depend, is that of **final output**, which in particular results in the exclusion of intra-branch consumption of agricultural products (seeds and animal feedingstuffs produced by the agricultural branch and used directly by it).

This concept of final production, and the income aggregates to which it leads, may differ in some cases from those used in the calculations and estimates made by the Member States for their own purposes. For example, some Member States use the concept of "deliveries", which implies inclusion of the production supplied in the course of the year (either sold or used for own consumption) even if it was produced in a previous year; the income indicator resulting from it therefore measures the income actually received during the year. The concept of final production, by contrast, is used for measuring **income generated by the**

1) cf.Eurostat: "Manual on Economic Accounts for Agriculture and Forestry", theme 5, series E, Luxembourg 1989 (revised edition to be published in 1992), and "Economic Accounts for Agriculture and Forestry 1986-1991, theme 5, series C, Luxembourg 1993.

year's production, even if the corresponding payments are not received until later in some cases; this result is obtained by summing to sales and own consumption additions to stocks and own-account produced fixed capital goods, and deducting from them withdrawals from stocks. It should also be noted that the income indicators in this report relate to **calendar years**, which goes some way to explain the substantial differences between these figures and those in a number of national publications, which are based on the farm year. Other variances may result from a different list of the deductions operated on the value of production in order to calculate income.

Finally, since harmonization of the absolute values of income indicators is not yet completed between Member States, the data and analyses of this report are mainly expressions of **annual changes.**

A.1.2 Agricultural labour input

Labour input or rates of change in it are calculated in **annual work units (AWUs)** to reflect the role of part-time and seasonal work in agriculture. An AWU is equivalent to the time worked by one person employed full-time in agricultural activities on a holding over a whole year[2]. A distinction is made between family AWUs (the holder and members of his family working on the holding) and non-family AWUs (paid workers not belonging to the holder's family), the two added together constituting the total AWUs.

The data published and used in this report for calculating agricultural income indicators are based on the trend in the number of AWUs used in absolute values. Harmonization of time series at Community level is not yet quite complete, especially as far as the definition of an AWU in hours worked per year is concerned. Furthermore, for some Member States the results have been estimated partly or totally by Eurostat in the absence of complete national data[3].

A.1.3 Aggregation of Community data

Indices and rates of change for the Community as a whole (EUR 12, unless otherwise stated) can be calculated as weighted averages of national indices or rates of change, or calculated directly from Community aggregates resulting from conversion of national data into ECUs (or PPSs). In both cases, a base year has to be chosen: the one used for establishing the different countries' share in the calculation of Community averages, or the one taken for the rates of change used for calculating aggregates.

In this report, the calculations for the short-term (changes in 1992 compared with 1991) and long-term (trends from 1980 to 1992) sections are based on slightly different methods and on different base years.

For the **short-term section** (chapters 2 to 4, and tables A.3 to A.7 of Annex 2), the rates of change of volumes and nominal or real values of the Community for 1992 compared with 1991 have been calculated as **weighted averages** of the corresponding rates of change estimated in the Member States. The weighting coefficients have been calculated from **EAA data for 1991**, converted into ECUS at **1991 exchange rates**; clearly, these coefficients are specific to each item. Rates of change of nominal or real prices have been deduced from those of values and volumes. All in all, this method, which is based on 1991, appears the most logical for short-term analysis and the most consistent with that used in the Member States for calculating rates of change in volumes and prices in 1992 for mixed product groups.

For the **long-term section** (chapters 5 and 6, and tables A.8 et seq. of Annex 2), income indices and rates of change of volumes and values for the Community have been calculated from **Community aggregates expressed in ECUs at constant 1985 exchange rates;** for real values, **the deflators are also based on 1985 = 100.** The indices and rates of change of prices are deducted from the corresponding values and volumes. This method based on 1985 appears the most logical one for describing and analysing trends for the whole of the decade, as well as being consistent with the EAA at 1985 constant prices (which allow

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2) cf. Eurostat: "Structure of Holdings - Community Survey Methodology", theme 5, series E, Luxembourg 1986 (p. 21).

3) The countries concerned are Ireland, for the entire series, and Denmark, Spain and Portugal for some of the data on family workers.

calculations of indices and changes in volume and price per Member State). It should also be noted that indices (especially the three agricultural income indicators) are expressed as base "1985" = 100[4]. Finally, the annual average rates of change for a period or sub-period are computed as geometric averages of the rates of change observed for the corresponding years.

A.1.4 Calculation of deflated series

For each Member State, **indices and changes** in the prices and values in real terms of different products, aggregates and indicators are obtained by deflating the corresponding nominal figures with the **implicit price index of gross domestic product at market prices.** For long-term series, use is made of the GDP price index with base 1985 = 100. For short-term changes (1992 compared with 1991), forecasts of this index for 1992 were supplied by the Commission's Directorate-General for Economic and Financial Affairs (DG II).

There are a number of important points in favour of using this deflator, such as its reliability and comparability. The GDP implicit price index is an indicator of trends in the general level of prices of all goods produced and all services rendered in an economy. The price index of national final "uses" could also be used as a deflator. Unlike the GDP price index, it also directly takes account of the effect of external trade and thus reacts faster and less ambiguously to price changes for imports (e.g. energy price changes). However, to ensure comparability with other Commission publications, it was decided not to introduce a new deflator.

Real values for the Community as a whole are calculated by deflating each Member State's nominal figures (at current prices) with the GDP implicit price index of the country concerned and converting the results into ECUs (at 1985 exchange rates for the long term and 1991 exchange rates for the short term as indicated above). The results are then added together to give real values for the Community. These aggregates, in real terms, are used for calculating indices and rates of change for EUR 12 and therefore there is never any explicit application of a "Community deflator". In particular, it is the Community income aggregates in this deflated form expressed in 1985 ECUs, that are set against the number of annual work units in the Community as a whole in order to calculate the trend of income indicators since 1973 for EUR 11 and since 1980 for EUR 12. As an example, the following algorithm is used to calculate indicator 1 for the Community :

$$IND1_{EC,t} = \frac{\sum_i \frac{NVA_{i,t}}{PGDP_{i,t} \times ER_{i,85}}}{\sum_i TLI_{i,t}},$$

where: IND 1 = Indicator 1 (in ECUs per AWU);
NVA = Net Value Added at Factor Cost for agriculture (in national currency);
PGDP = Implicit Price Index of Gross Domestic Product at Market Prices (1985=100);
ER = Exchange Rate (1ECU = ...N.C.);
TLI = Total Labour Input of Agriculture (in AWU's);
i = Member State (B...UK);
t = Year (1973...1992).

4) It should be recalled that "1985" throughout this report means (1984+1985+1986)/3, an operation aimed at choosing a base year which is hardly affected by short-term fluctuations.

Finally, it should be noted that this method renders unnecessary the calculation of a deflator for the Community as a whole and therefore none is given in this publication. However, it should be noted that the "average rate of inflation for the Community" which could be derived from the above-mentioned real values (a rate which would in fact differ according to the product or aggregate chosen for calculating it) would not correspond to the figures in the Commission's other publications for the average change in the implicit price index of gross domestic product in the Community (as this rate of change is generally calculated from each Member State's share in the Community's GDP expressed in PPSs).

II DETAILED TABLES

Table A.1

Share of net value added at factor cost of agriculture in net domestic product at factor cost (in %)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	4.2	5.7	2.8	20.3	10.2	7.1	18.5	7.8	3.8	5.3	:	2.7	:
1980	2.3	3.9	1.4	17.6	6.6	4.1	10.1	5.9	2.4	3.3	7.8	1.8	3.6
1985	2.3	4.2	1.3	17.6	5.8	3.8	9.4	4.4	2.6	3.9	6.7	1.5	3.2
1990	2.0	3.1	1.1	14.5	4.5	3.3	8.9	3.0	1.9	3.5	4.8	1.2	2.6
1991	1.9	2.8	1.0	17.4	4.1	3.0	7.8	3.2	1.5	3.4	4.3	1.2	2.5

Table A.2

Agricultural employment as a share of total employment (in %) (1)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	4.0	9.4	7.2	36.8	23.6	10.9	23.9	17.8	7.9	6.0	34.9	2.9	11.3
1980	3.1	8.0	5.2	28.7	18.6	8.5	18.1	13.9	5.4	4.8	28.0	2.6	9.4
1985	3.1	7.0	4.5	27.5	17.7	7.4	15.8	10.9	4.2	4.8	23.5	2.5	8.3
1987	2.9	6.3	4.1	25.7	14.7	6.8	15.2	10.2	3.9	4.8	21.8	2.4	7.6
1988	2.8	6.0	3.9	25.3	14.0	6.5	15.2	9.6	3.6	4.7	20.3	2.2	7.2
1989	2.7	5.6	3.6	24.1	12.7	6.2	15.0	9.1	3.4	4.6	18.8	2.1	6.8
1990	2.7	5.6	3.4	22.8	11.5	5.9	14.8	8.6	3.3	4.5	17.8	2.1	6.4
1991	2.6	5.4	3.2	22.1	10.4	5.6	13.7	8.3	3.2	4.5	17.3	2.1	6.1

(1) Eurostat estimate for GR, P and EUR 12 in 1973, for GR and EUR 12 in 1991

Table A.3

Percentage change in volume of 1992 over 1991

		B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
+	Final crop output	23.6	-22.0	19.5	2.1	-1.0	10.5	0.7	1.3	96.2	6.9	-4.1	0.5	5.2
	Cereals	-0.7	-37.0	-6.0	-24.5	-31.6	2.6	-1.1	0.7	2.1	3.4	-34.8	-6.0	-6.3
	Potatoes	30.0	15.0	5.8	-2.4	0.9	17.3	-6.2	6.7	41.8	6.5	8.0	29.4	10.6
	Sugarbeet	2.2	3.0	5.2	17.2	11.4	5.7	5.6	14.0	:	14.0	:	18.6	9.1
	Industrial crops	-14.3	-46.0	-11.8	15.5	10.3	-12.7	:	-0.4	-65.3	-33.2	-8.1	-4.1	-2.3
	Oilseeds and oleaginous fruit (excluding olives)	-24.2	-46.0	-22.1	49.1	30.0	-12.7	:	2.0	-65.3	-35.0	5.0	-3.6	-7.3
	Fresh vegetables	9.0	-5.0	-3.9	-0.9	-2.2	3.3	3.5	1.5	53.5	7.8	0.0	5.1	1.8
	Fresh fruit (with citrus fruit, tropical fruit and grapes)	164.0	17.0	141.8	17.7	18.1	28.6	3.4	6.6	469.2	74.0	5.6	8.8	30.4
	Grape must and wine	:	:	32.7	0.9	14.5	37.8	:	5.5	216.5	:	-25.0	:	22.8
	Olive oil	:	:	:	3.0	-9.8	:	:	-20.6	:	:	63.1	:	-9.5
	Flowers and ornamentals	0.0	1.0	7.0	0.0	0.0	-7.1	:	2.0	:	3.5	:	-6.1	1.5
+	Final animal output	0.0	2.8	-2.9	0.9	0.2	2.5	3.1	-0.3	0.2	-0.1	2.5	1.9	0.5
	Animals	0.3	5.0	-4.1	2.6	2.0	5.0	4.1	0.6	2.7	1.3	2.9	3.5	1.7
	Cattle (including calves)	-6.2	2.0	-8.6	-2.6	7.8	6.1	4.3	1.0	7.8	-2.0	-1.0	-0.9	0.5
	Pigs	5.0	7.0	-0.8	0.6	-1.0	7.1	8.3	0.2	-12.3	1.5	8.0	-0.7	2.0
	Sheep and goats	-5.0	0.0	-15.3	3.4	2.3	-10.0	4.2	0.8	:	-7.5	0.6	28.5	4.9
	Poultry	5.0	0.0	1.4	9.1	-1.5	4.3	-2.2	0.7	2.6	8.0	3.0	-0.1	2.2
	Animal products	-0.6	-1.0	-1.3	-1.4	-4.0	-1.4	1.3	-1.8	-1.6	-1.9	1.6	-0.7	-1.4
	Milk	-1.0	-1.0	-1.7	-1.3	-4.1	-1.6	1.1	-1.5	-1.6	-1.2	0.0	-0.6	-1.4
	Eggs	1.0	4.0	-0.1	-2.0	-5.1	0.0	6.4	-3.0	-0.3	-7.0	9.1	-1.5	-2.0
=	Final output	8.7	-5.6	5.5	1.7	-0.5	6.9	2.8	0.7	15.7	2.9	-1.2	1.4	2.9
	Seeds and seedlings	-3.0	-2.0	2.0	-4.0	-1.7	10.5	-11.5	-1.0	5.3	0.0	:	-5.2	3.9
	Energy and lubricants	0.0	0.0	-0.5	1.0	-1.7	1.0	1.8	1.0	-1.1	-2.0	-4.1	0.6	-0.1
	Fertilizers and soil improvers	-2.0	-3.0	-5.0	0.0	-5.6	-5.9	-6.1	-3.0	6.2	-6.0	:	-7.2	-5.1
	Plant protection products	0.0	-1.0	-2.0	2.0	-7.8	-6.3	9.6	-1.5	0.5	1.0	-17.8	-1.2	-4.4
	Feedingstuffs	5.0	6.0	-2.0	9.0	5.0	1.8	-2.6	-1.3	-7.9	2.0	-2.0	0.3	1.3
	Material and small tools ; maintenance and repairs	-1.0	-2.0	-1.0	1.1	8.0	0.0	0.0	:	0.1	1.5	-19.6	0.9	1.2
	Services	0.0	0.0	0.0	1.6	3.4	0.0	2.1	:	:	1.5	-2.4	-0.4	0.5
-	Intermediate consumption	1.9	2.0	-1.3	2.0	2.6	0.6	-2.2	-0.7	0.9	1.1	-4.6	-1.1	0.2

Table A.4

Percentage change in nominal prices of 1992 over 1991

		B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
+	Final crop output	-24.4	-2.4	-15.8	-2.1	-11.6	-17.1	-2.0	-3.9	-20.9	-11.7	-17.0	-2.9	-10.8
	Cereals	-4.1	6.3	-1.6	8.1	-3.2	-10.3	-3.6	-7.8	0.7	-0.7	-15.5	5.0	-5.1
	Potatoes	-57.1	0.0	-27.3	-17.0	-44.3	-48.6	4.7	-11.0	-15.2	-25.0	-44.0	-21.5	-30.9
	Sugarbeet	-2.9	0.0	-4.0	11.2	1.5	-4.6	-1.8	0.0	:	-7.0	:	-5.5	-2.9
	Industrial crops	-7.8	-50.0	-38.6	4.5	-42.9	-41.0	:	-29.3	-59.4	3.6	-0.6	-11.7	-26.2
	Oilseeds and oleaginous fruit (excluding olives)	-45.0	-50.0	-54.8	-65.6	-73.7	-45.0	:	-45.0	-59.4	5.0	-1.0	-11.9	-46.9
	Fresh vegetables	-17.7	2.0	-10.0	6.2	-6.1	-20.9	-2.5	-1.0	-19.7	-17.1	-14.5	-10.7	-8.6
	Fresh fruit (with citrus fruit, tropical fruit and grapes)	-52.3	-10.3	-35.0	-17.2	-16.5	-50.3	-3.3	-4.6	-67.1	-58.0	-7.1	-16.9	-23.3
	Grape must and wine	:	:	-20.0	19.2	-0.7	-13.5	:	-4.4	-20.7	:	-15.0	:	-10.4
	Olive oil	:	:	:	-16.3	-2.1	:	:	-4.0	:	:	-15.8	:	-7.5
	Flowers and ornamentals	-8.6	-4.0	-2.0	36.3	-1.6	-5.7	0.0	10.0	:	-5.0	:	6.1	-0.4
+	Final animal output	2.3	2.7	2.6	12.3	1.1	0.8	3.8	1.9	1.1	1.9	-0.3	4.5	2.3
	Animals	3.6	5.3	3.8	13.9	1.6	1.1	2.3	3.1	6.9	3.2	-0.1	5.1	3.1
	Cattle (including calves)	6.2	0.0	5.7	20.8	-5.0	2.1	2.9	4.3	5.1	9.0	-7.7	4.9	3.5
	Pigs	2.6	6.8	2.9	21.0	5.4	1.9	8.5	10.0	13.4	1.0	15.3	12.9	5.2
	Sheep and goats	0.7	-9.8	5.3	10.3	4.6	3.8	-7.1	-0.2	:	2.0	0.3	3.5	4.0
	Poultry	-1.8	15.7	-0.1	7.7	2.0	-1.4	0.6	-3.0	2.5	-2.0	-13.6	2.0	-0.8
	Animal products	-0.9	-2.1	1.0	10.1	-0.3	0.3	6.6	-0.4	-3.3	0.1	-0.8	4.4	1.1
	Milk	2.0	-2.2	1.8	11.4	-0.1	1.8	7.2	0.1	-3.4	1.5	-2.4	5.0	2.0
	Eggs	-14.6	-4.2	-6.0	0.3	-0.7	-13.1	-12.4	-2.7	5.3	-10.0	3.0	1.0	-5.1
=	Final output	-9.0	1.3	-5.2	1.8	-6.5	-9.5	2.9	-1.7	-4.9	-4.2	-8.3	1.4	-4.6
	Seeds and seedlings	1.0	-1.0	2.0	15.7	-4.9	-13.2	19.6	2.0	1.0	10.0	:	3.4	-4.5
	Energy and lubricants	-9.8	-6.0	-1.0	20.9	5.2	-7.0	-5.9	-0.4	-4.8	-4.0	-2.1	0.5	-0.9
	Fertilizers and soil improvers	-2.1	-4.0	-4.0	32.4	-3.5	-3.4	-1.3	1.8	-7.4	-7.0	:	-5.3	-2.2
	Plant protection products	3.5	-2.0	0.0	5.5	4.5	1.4	1.3	1.3	2.3	4.0	0.3	4.6	1.9
	Feedingstuffs	0.5	1.1	2.0	6.4	-0.7	1.7	0.9	0.9	1.0	1.5	-3.1	2.0	1.1
	Material and small tools ; maintenance and repairs	1.6	5.0	5.0	12.6	4.9	2.0	7.0	0.0	2.9	3.5	16.3	3.8	4.3
	Services	4.2	2.4	4.5	6.8	5.7	2.0	1.6	0.0	0.0	3.5	-8.8	5.4	3.6
-	Intermediate consumption	0.0	1.0	2.0	13.8	1.0	-1.6	0.6	1.5	0.5	2.0	-3.6	2.5	1.0

Table A.5

Percentage change in real price of 1992 over 1991

		B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
+	Final crop output	-27.1	-4.7	-19.8	-15.3	-16.8	-19.5	-4.8	-8.7	-22.6	-14.0	-26.6	-7.1	-15.2
	Cereals	-7.5	3.7	-6.2	-6.5	-8.9	-12.9	-6.3	-12.3	-1.4	-3.3	-25.3	0.4	-9.2
	Potatoes	-58.6	-2.5	-30.7	-28.2	-47.6	-50.0	1.7	-15.4	-17.0	-27.0	-50.5	-24.9	-34.4
	Sugar beet	-6.3	-2.4	-8.5	-3.8	-4.5	-7.3	-4.6	-4.9	:	-9.5	:	-9.7	-7.1
	Industrial crops	-11.0	-51.2	-41.5	-9.6	-46.3	-42.7	:	-32.8	-60.3	0.9	-12.1	-15.6	-31.6
	Oilseeds and oleaginous fruit (excluding olives)	-46.9	-51.2	-56.9	-70.2	-75.3	-46.5	:	-47.7	-60.3	2.2	-12.5	-15.8	-49.1
	Fresh vegetables	-20.5	-0.5	-14.2	-8.1	-11.6	-23.1	-5.2	-5.9	-21.5	-19.3	-24.4	-14.7	-13.3
	Fresh fruit (with citrus fruit, tropical fruit and grapes)	-54.0	-12.4	-38.0	-28.4	-21.5	-51.7	-6.0	-9.4	-67.8	-59.1	-17.8	-20.5	-27.6
	Grape must and wine	:	:	-23.8	3.1	-6.6	-15.9	:	-9.1	-22.5	:	-24.8	:	-14.2
	Olive oil	:	:	:	-27.6	-7.9	:	:	-8.8	:	:	-25.6	:	-14.7
	Flowers and ornamentals	-11.8	-6.3	-6.6	17.9	-7.5	-8.4	:	4.6	:	-7.5	:	1.5	-4.4
+	Final animal output	-1.3	0.2	-2.2	-2.9	-4.9	-2.1	0.9	-3.1	-1.1	-0.8	-11.9	-0.1	-2.2
	Animals	0.0	2.7	-1.0	-1.5	-4.4	-1.8	-0.7	-2.0	4.6	0.5	-11.7	0.5	-1.4
	Cattle (including calves)	2.5	-2.4	0.8	4.5	-10.6	-0.8	0.1	-0.9	2.9	6.1	-18.4	0.3	-0.8
	Pigs	-1.0	4.2	-1.9	4.6	-0.8	-1.0	5.5	4.5	10.9	-1.7	1.9	7.9	0.6
	Sheep and goats	-2.8	-12.0	0.4	-4.6	-1.6	0.9	-9.7	-5.1	:	-0.7	-11.3	-1.1	-2.6
	Poultry	-5.2	12.8	-4.7	-6.8	-4.1	-4.2	-2.2	-7.8	0.4	-4.6	-23.6	-2.5	-5.2
	Animal products	-4.4	-4.5	-3.7	-4.8	-6.2	-2.6	3.5	-5.3	-5.4	-2.5	-12.3	-0.3	-3.3
	Milk	-1.5	-4.6	-3.0	-3.7	-6.0	-1.1	4.2	-4.8	-5.6	-1.2	-13.7	0.3	-2.3
	Eggs	-17.6	-6.6	-10.4	-13.3	-6.6	-15.6	-14.0	-7.5	3.0	-12.4	-8.9	-3.5	-9.8
=	Final output	-12.1	-1.2	-9.6	-12.0	-12.1	-12.0	0.0	-6.6	-6.9	-6.7	-18.9	-3.1	-9.0
	Seeds and seedlings	-2.5	-3.4	-2.8	0.1	-10.5	-15.6	16.3	-3.0	-1.2	7.1	:	-1.1	-8.1
	Energy and lubricants	-12.9	-8.3	-5.6	4.6	-1.1	-9.6	-8.5	-5.3	-6.9	-6.5	-13.4	-3.9	-5.8
	Fertilizers and soil improvers	-5.5	-6.3	-8.5	14.5	-9.2	-6.1	-4.1	-3.3	-9.4	-9.4	:	-9.5	-6.5
	Plant protection products	-0.1	-4.4	-4.7	-8.8	-1.7	-1.5	-1.6	-3.7	0.1	1.2	-11.3	0.0	-2.7
	Feedingstuffs	-3.0	-1.4	-2.8	-8.0	-6.6	-1.2	-1.9	-4.1	-1.2	-1.2	-14.3	-2.5	-3.4
	Material and small tools ; maintenance and repairs	-2.0	2.4	0.1	-2.6	-1.3	-0.9	4.0	:	0.7	0.8	2.8	-0.8	-0.4
	Services	0.5	-0.1	-0.4	-7.6	-0.5	-0.9	-1.3	:	:	0.8	-19.4	0.7	-0.5
-	Intermediate consumption	-3.5	-1.5	-2.8	-1.6	-5.0	-4.4	-2.2	-3.5	-1.6	-0.6	-14.8	-2.0	-3.5

Table A.6

Percentage change in nominal value of 1992 over 1991

		B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
+	Final crop output	-6.6	-23.8	0.6	-0.1	-12.5	-8.4	-1.3	-2.7	55.1	-5.5	-20.4	-2.4	-6.1
	Cereals	-4.8	-33.0	-7.5	-18.4	-33.8	-8.0	-4.7	-7.2	2.9	2.7	-44.9	-1.3	-11.1
	Potatoes	-44.3	15.0	-23.1	-19.0	-43.8	-39.7	-1.8	-5.0	20.2	-20.1	-39.5	1.6	-23.6
	Sugar beet	-0.8	3.0	1.0	30.3	13.1	0.8	3.7	14.0	:	6.0	:	12.1	5.9
	Industrial crops	-21.0	-73.0	-45.9	20.7	-37.0	-48.5	:	-29.6	-85.9	-30.8	-8.6	-15.3	-27.9
	Oilseeds and oleaginous fruit (excluding olives)	-58.3	-73.0	-64.8	-48.7	-65.8	-52.0	:	-43.9	-85.9	-31.7	4.0	-15.1	-50.8
	Fresh vegetables	-10.3	-3.1	-13.5	5.3	-8.1	-18.3	0.9	0.5	23.2	-10.5	-14.5	-6.2	-6.9
	Fresh fruit (with citrus fruit tropical fruit and grapes)	25.9	5.0	57.2	-2.6	-1.4	-36.1	-0.1	1.6	87.1	-26.9	-1.8	-9.6	0.0
	Grape must and wine	:	:	6.1	20.2	13.7	19.2	:	0.9	150.8	:	-36.2	:	10.0
	Olive oil	:	:	:	-13.8	-11.7	:	:	-23.8	:	:	37.3	:	-16.3
	Flowers and ornamentals	-8.6	-3.0	4.8	36.3	-1.6	-12.4	:	12.2	:	-1.7	:	-0.3	1.1
+	Final animal output	2.3	5.6	-0.4	13.2	1.3	3.3	7.0	1.6	1.3	1.8	2.1	6.5	2.8
	Animals	3.8	10.6	-0.4	16.8	3.6	6.1	6.4	3.7	9.8	4.6	2.8	8.8	4.9
	Cattle (including calves)	-0.4	2.0	-3.4	17.7	2.4	8.3	7.4	5.3	13.3	6.8	-8.6	4.0	4.0
	Pigs	7.7	14.2	2.1	21.6	4.4	9.1	17.6	10.2	-0.6	2.5	24.5	12.1	7.3
	Sheep and goats	-4.3	-9.8	-10.8	14.1	7.0	-6.6	-3.2	0.6	:	-5.6	0.9	32.9	9.1
	Poultry	3.1	15.7	1.3	17.6	0.4	2.8	-1.6	-2.3	5.3	5.8	-11.0	1.9	1.4
	Animal products	-1.5	-3.1	-0.3	8.6	-4.2	-1.1	7.9	-2.2	-4.8	-1.8	0.7	3.6	-0.3
	Milk	1.0	-3.2	0.0	9.9	-4.2	0.2	8.3	-1.4	-5.0	0.3	-2.4	4.3	0.6
	Eggs	-13.7	-0.4	-6.1	-1.7	-5.8	-13.1	-6.9	-5.6	5.0	-16.3	12.4	-0.5	-7.0
=	Final output	-1.1	-4.4	0.0	3.5	-7.0	-3.2	5.8	-1.0	10.0	-1.5	-9.3	2.7	-1.8
	Seeds and seedlings	-2.0	-3.0	4.0	11.0	-6.5	-4.1	5.9	1.0	6.3	10.0	:	-2.0	-0.7
	Energy and lubricants	-9.8	-6.0	-1.5	22.1	3.4	-6.1	-4.2	0.6	-5.9	-5.9	-6.1	1.0	-1.0
	Fertilizers and soil improvers	-4.1	-6.9	-8.8	32.4	-8.9	-9.1	-7.3	-1.3	-1.7	-12.6	:	-12.2	-7.2
	Plant protection products	3.5	-3.0	-2.0	7.6	-3.6	-5.0	11.1	-0.2	2.8	5.0	-17.6	3.3	-2.7
	Feedingstuffs	5.5	7.1	0.0	16.0	4.3	3.5	-1.7	-0.4	-7.0	3.5	-5.0	2.3	2.5
	Material and small tools ; maintenance and repairs	0.5	2.9	4.0	13.9	13.3	2.0	7.1	:	3.0	5.1	-6.5	4.7	5.5
	Services	4.2	2.4	4.5	8.5	9.3	2.0	3.8	:	:	5.1	-11.0	5.0	4.2
-	Intermediate consumption	1.9	2.3	0.7	16.1	3.6	-1.0	-1.6	0.8	1.5	3.2	-8.1	1.4	1.2

Table A.6 (continued)

Percentage change in nominal value of 1992 over 1991

		B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
=	Gross value added at market prices	-4.7	-11.3	-0.8	-0.2	-15.4	-5.0	11.6	-1.7	17.7	-5.8	-10.6	4.3	-4.0
+	Subsidies	-3.6	180.5	21.4	15.9	28.2	37.9	21.2	7.0	-44.7	-9.1	32.1	-12.8	16.5
-	Taxes linked to production	-9.3	-17.3	-15.0	87.3	-3.7	-11.0	-13.2	10.0	-78.9	-1.3	-10.6	-37.3	-10.4
=	Gross value added at factor cost	-4.7	-7.5	3.6	1.5	-11.5	-1.5	13.8	-0.8	4.1	-6.1	-4.3	3.2	-1.7
-	Depreciation	2.0	1.4	5.0	3.6	-25.2	-1.0	0.0	1.5	3.6	4.0	-10.0	-2.5	-0.3
=	Net value added at factor cost	-5.8	-11.1	2.8	1.4	-9.8	-1.6	16.8	-1.6	4.3	-9.0	-3.5	5.2	-2.0
-	Rent and other payments in cash or in kind	2.0	1.0	6.5	9.3	-5.6	0.7	-60.0	1.3	1.4	-3.0	-4.1	4.4	1.0
-	Interest	7.5	1.5	0.3	4.8	8.5	-0.2	-1.7	3.6	15.6	4.5	17.6	-16.1	1.8
=	Net income from agricultural activity of total labour input	-8.7	-28.7	3.0	0.9	-13.3	-1.9	19.9	-2.3	3.0	-12.4	-8.4	9.7	-2.8
-	Compensation of employees	3.0	1.1	0.0	11.4	-6.9	3.0	1.1	10.2	4.7	7.5	3.8	1.4	4.5
=	Net income from agricultural activity of family labour input	-10.0	-53.2	3.8	0.3	-15.4	-3.2	22.1	-11.1	2.9	-18.7	-11.9	15.5	-5.5

Table A.7

Percentage change in real value of 1992 over 1991

		B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
+	Final crop output	-9.8	-25.7	-4.1	-13.6	-17.7	-11.0	-4.1	-7.5	51.7	-8.0	-29.6	-6.7	-10.7
	Cereals	-8.1	-34.7	-11.9	-29.4	-37.7	-10.6	-7.4	-11.7	0.7	0.0	-51.3	-5.7	-14.9
	Potatoes	-46.2	12.2	-26.7	-29.9	-47.1	-41.4	-4.6	-9.7	17.6	-22.2	-46.5	-2.8	-27.4
	Sugar beet	-4.2	0.5	-3.8	12.7	6.4	-2.0	0.8	8.4	:	3.2	:	7.1	1.3
	Industrial crops	-23.7	-73.7	-48.4	4.4	-40.7	-49.9	:	-33.1	-86.2	-32.6	-19.2	-19.1	-33.2
	Oilseeds and oleaginous fruit (excluding olives)	-59.8	-73.7	-66.4	-55.6	-67.8	-53.3	:	-46.7	-86.2	-33.5	-8.1	-18.8	-52.8
	Fresh vegetables	-13.4	-5.4	-17.6	-8.9	-13.6	-20.6	-1.9	-4.5	20.5	-12.9	-24.4	-10.3	-11.8
	Fresh fruit (with citrus fruit tropical fruit and grapes)	21.5	2.4	49.9	-15.7	-7.3	-37.9	-2.9	-3.4	83.1	-28.8	-13.2	-13.5	-5.6
	Grape must and wine	:	:	1.2	4.0	7.0	15.8	:	-4.1	145.4	:	-43.6	:	5.4
	Olive oil	:	:	:	-25.4	-16.9	:	:	-27.6	:	:	21.4	:	-22.8
	Flowers and ornamentals	-11.8	-5.4	-0.1	17.9	-7.5	-14.9	:	6.7	:	-4.3	:	-4.7	-3.0
+	Final animal output	-1.2	3.0	-5.0	-2.0	-4.7	0.4	3.9	-3.5	-0.9	-0.9	-9.7	1.8	-1.7
	Animals	0.2	7.9	-5.0	1.1	-2.5	3.1	3.4	-1.4	7.4	1.9	-9.1	4.0	0.3
	Cattle (including calves)	-3.9	-0.5	-7.9	1.8	-3.6	5.3	4.4	0.1	10.9	4.0	-19.2	-0.5	-0.2
	Pigs	3.9	11.4	-2.6	5.2	-1.8	6.1	14.3	4.8	-2.7	-0.2	10.1	7.2	2.7
	Sheep and goats	-7.6	-12.0	-15.0	-1.3	0.7	-9.2	-5.9	-4.4	:	-8.1	-10.8	27.1	2.1
	Poultry	-0.5	12.8	-3.4	1.7	-5.5	-0.1	-4.4	-7.1	3.0	3.0	-21.3	-2.6	-3.2
	Animal products	-5.0	-5.4	-5.0	-6.1	-9.9	-3.9	4.9	-7.0	-6.9	-4.4	-10.9	-0.9	-4.7
	Milk	-2.5	-5.6	-4.7	-4.9	-9.9	-2.7	5.2	-6.3	-7.1	-2.3	-13.7	-0.3	-3.7
	Eggs	-16.7	-2.8	-10.5	-15.0	-11.4	-15.6	-8.5	-10.3	2.7	-18.5	-0.6	-4.9	-11.6
=	Final output	-4.5	-6.7	-4.7	-10.4	-12.5	-5.9	2.8	-5.9	7.6	-4.1	-19.8	-1.8	-6.3
	Seeds and seedlings	-5.4	-5.3	-0.9	-3.9	-12.0	-6.8	2.9	-4.0	4.1	7.1	:	-6.3	-4.5
	Energy and lubricants	-12.9	-8.3	-6.1	5.6	-2.7	-8.7	-6.9	-4.4	-7.9	-8.4	-17.0	-3.4	-5.9
	Fertilizers and soil improvers	-7.4	-9.1	-13.1	14.5	-14.3	-11.7	-9.9	-6.2	-3.8	-14.9	:	-16.0	-11.3
	Plant protection products	-0.1	-5.3	-6.6	-6.9	-9.3	-7.7	8.0	-5.1	0.6	2.2	-27.1	-1.2	-7.0
	Feedingstuffs	1.9	4.5	-4.7	0.3	-1.9	0.6	-4.5	-5.3	-9.0	0.8	-16.0	-2.2	-2.1
	Material and small tools ; maintenance and repairs	-3.0	0.4	-0.9	-1.5	6.6	-0.9	4.1	:	0.8	2.3	-17.3	0.1	0.8
	Services	0.5	-0.1	-0.4	-6.1	2.9	-0.9	0.9	:	:	2.3	-21.3	0.3	0.1
-	Intermediate consumption	-1.7	-0.2	-4.0	0.4	-2.6	-3.7	-4.4	-4.2	-0.7	0.4	-18.7	-3.0	-3.3

Table A.7 (continued)

Percentage change in real value of 1992 over 1991

		B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
=	Gross value added at market prices	-8.0	-13.5	-5.4	-13.6	-20.4	-7.7	8.5	-6.5	15.2	-8.3	-21.0	-0.3	-8.7
+	Subsidies	-6.9	173.6	15.7	0.2	20.6	34.0	17.8	1.7	-45.8	-11.5	16.8	-16.6	10.4
-	Taxes linked to production	-12.4	-19.3	-18.9	62.0	-9.4	-13.5	-15.6	4.6	-79.4	-3.9	-21.0	-40.1	-13.6
=	Gross value added at factor cost	-7.9	-9.8	-1.2	-12.2	-16.8	-4.2	10.6	-5.7	1.9	-8.6	-15.4	-1.3	-6.5
-	Depreciation	-1.5	-1.0	0.1	-10.4	-29.6	-3.8	-2.8	-3.5	1.4	1.3	-20.4	-6.8	-4.7
=	Net value added at factor cost	-9.1	-13.2	-2.0	-12.3	-15.1	-4.3	13.5	-6.5	2.1	-11.4	-14.6	0.5	-7.0
-	Rent and other payments in cash or in kind	-1.5	-1.5	1.5	-5.4	-11.2	-2.1	-61.1	-3.7	-0.8	-5.6	-15.2	-0.2	-3.8
-	Interest	3.8	-1.0	-4.4	-9.4	2.1	-3.0	-4.5	-1.5	13.1	1.7	4.0	-19.8	-3.0
=	Net income from agricultural activity of total labour input	-11.9	-30.5	-1.8	-12.7	-18.4	-4.6	16.5	-7.1	0.8	-14.7	-19.0	4.9	-7.8
-	Compensation of employees	-0.6	-1.4	-4.7	-3.6	-12.4	0.1	-1.7	4.8	2.4	4.7	-8.2	-3.1	-0.3
=	Net income from agricultural activity of family labour input	-13.1	-54.3	-1.0	-13.3	-20.4	-5.9	18.7	-15.5	0.7	-20.8	-22.1	10.4	-10.6

Table A.8 **Belgique/Belgie**

Major components of the calculation of Indicator 1
(indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	66.2	46.1	143.2	139.9	102.5
1974	57.3	51.9	110.2	134.5	81.9
1975	64.4	58.2	110.4	128.8	85.8
1976	77.6	62.6	123.8	122.5	101.1
1977	66.5	67.3	98.6	117.2	84.1
1978	72.3	70.2	102.8	113.4	90.7
1979	68.2	73.4	92.7	112.9	82.1
1980	71.9	76.2	94.2	108.5	86.8
1981	80.3	79.8	100.4	105.5	95.2
1982	88.8	85.4	103.8	103.4	100.4
1983	100.5	90.2	111.2	102.7	108.3
1984	101.2	94.9	106.4	102.0	104.4
1985	99.8	100.7	99.0	99.6	99.4
1986	99.0	104.4	94.6	98.4	96.2
1987	92.5	106.7	86.5	95.4	90.8
1988	98.6	108.3	90.9	92.3	98.6
1989	126.0	113.4	111.0	90.1	123.2
1990	114.9	116.8	98.2	87.9	111.8
1991	113.5	120.3	94.1	85.2	110.5
1992	106.9	124.7	85.5	81.8	104.6
% 92/91	-5.8	3.6	-9.1	-4.0	-5.3

(1) AWU : Annual Work Unit

Table A.9 **Danmark**

Major components of the calculation of Indicator 1
(indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	37.9	35.6	106.4	163.9	64.9
1974	38.9	40.3	96.5	152.5	63.3
1975	34.9	45.3	76.9	145.5	52.9
1976	38.2	49.4	77.1	140.9	54.7
1977	46.8	54.1	86.5	135.4	63.9
1978	53.8	59.4	90.5	130.2	69.5
1979	48.3	63.9	75.4	124.9	60.4
1980	53.8	69.2	77.7	119.0	65.3
1981	64.8	76.1	85.0	113.7	74.8
1982	83.7	84.2	99.2	109.6	90.6
1983	75.3	90.6	83.0	107.1	77.5
1984	103.0	95.7	107.4	104.1	103.3
1985	95.5	99.9	95.5	99.2	96.2
1986	101.6	104.4	97.1	96.7	100.5
1987	81.2	109.3	74.1	90.9	81.6
1988	83.3	114.3	72.7	87.4	83.3
1989	101.1	119.2	84.7	85.2	99.5
1990	94.0	122.0	77.0	82.4	93.5
1991	86.3	125.6	68.6	80.2	85.6
1992	76.8	128.7	59.5	77.8	76.6
% 92/91	-11.1	2.5	-13.2	-3.0	-10.6

(1) AWU : Annual Work Unit

Table A.10 **Deutschland**

Major components of the calculation of Indicator 1
(indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	104.2	61.4	169.8	138.6	122.5
1974	91.3	65.7	139.0	132.8	104.6
1975	107.0	69.5	153.9	129.5	118.8
1976	112.2	72.0	155.8	126.3	123.4
1977	105.9	74.7	141.8	120.0	118.2
1978	103.6	77.9	133.0	117.4	113.3
1979	91.6	80.9	113.2	111.6	101.3
1980	83.9	84.9	98.8	109.4	90.3
1981	86.9	88.4	98.3	108.0	91.1
1982	108.0	92.3	117.1	105.4	111.0
1983	87.7	95.5	91.9	102.8	89.4
1984	101.0	97.5	103.6	101.1	102.4
1985	92.5	99.6	92.8	100.2	92.6
1986	106.6	102.9	103.6	98.7	105.0
1987	85.4	104.9	81.4	92.7	87.8
1988	105.8	106.5	99.3	91.0	109.1
1989	121.8	109.3	111.4	85.9	129.7
1990	109.0	113.0	96.5	83.6	115.4
1991	101.5	118.2	85.9	79.4	108.1
1992	104.4	124.0	84.2	75.9	110.8
% 92/91	2.8	4.9	-2.0	-4.4	2.5

(1) AWU : Annual Work Unit

Table A.11 ***Ellada***

Major components of the calculation of Indicator 1
(indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	12.5	14.1	89.1	121.9	73.1
1974	14.4	17.0	84.7	119.3	71.0
1975	16.1	19.1	84.4	116.6	72.4
1976	19.8	22.0	89.6	114.1	78.5
1977	21.0	24.9	84.2	111.6	75.4
1978	26.2	28.1	93.1	109.1	85.3
1979	28.8	33.4	86.2	106.8	80.8
1980	37.7	39.3	96.0	104.4	92.0
1981	46.8	47.0	99.5	102.1	97.4
1982	59.4	58.8	101.0	100.9	100.1
1983	63.8	70.1	91.0	100.1	90.9
1984	83.5	84.3	99.0	100.3	98.8
1985	102.2	99.2	103.0	101.7	101.3
1986	114.3	116.5	98.0	98.1	99.9
1987	126.2	133.2	94.7	92.7	102.2
1988	156.5	153.9	101.7	90.4	112.4
1989	191.8	173.4	110.5	88.9	124.4
1990	187.6	206.9	90.6	86.8	104.5
1991	268.1	239.8	111.7	85.0	131.4
1992	271.8	277.2	98.0	83.0	118.1
% 92/91	1.4	15.6	-12.3	-2.4	-10.1

(1) AWU : Annual Work Unit

Table A.12 **Espana**

Major components of the calculation of Indicator 1
(indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	27.8	18.4	150.7	202.7	74.4
1974	26.8	21.4	124.6	196.0	63.6
1975	32.6	25.0	130.2	182.0	71.6
1976	37.5	29.1	128.4	167.7	76.6
1977	49.0	35.8	136.1	156.3	87.1
1978	58.0	43.2	133.6	151.5	88.3
1979	57.8	50.6	113.8	141.7	80.3
1980	65.4	57.8	112.7	130.5	86.4
1981	59.3	64.7	91.3	118.8	76.9
1982	75.1	73.6	101.7	114.4	88.9
1983	82.7	82.2	100.3	112.5	89.1
1984	95.8	91.2	104.7	104.7	100.0
1985	101.9	99.0	102.6	100.2	102.4
1986	102.3	109.8	92.7	95.1	97.6
1987	111.4	116.3	95.5	91.4	104.6
1988	130.9	122.9	106.6	88.5	120.5
1989	131.6	131.5	100.2	82.8	121.1
1990	142.1	141.1	100.3	79.0	127.0
1991	142.4	150.8	94.1	72.7	129.4
1992	128.5	160.3	79.9	68.3	117.0
% 92/91	-9.8	6.3	-15.1	-6.1	-9.6

(1) AWU : Annual Work Unit

Table A.13 **France**

Major components of the calculation of Indicator 1
(indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	47.2	31.0	151.8	137.2	110.6
1974	47.3	34.8	135.6	132.8	102.0
1975	48.0	39.4	121.7	128.4	94.8
1976	51.6	43.7	117.9	125.6	93.8
1977	53.7	47.6	112.7	123.1	91.6
1978	60.3	52.4	115.0	121.1	95.0
1979	67.0	57.7	115.9	119.2	97.2
1980	65.9	64.5	102.2	116.2	88.0
1981	74.0	71.8	103.0	113.0	91.2
1982	95.3	80.4	118.4	110.0	107.6
1983	94.5	88.1	107.1	106.8	100.3
1984	97.5	94.5	103.0	103.6	99.4
1985	100.2	100.1	100.0	100.0	100.0
1986	102.3	105.4	97.0	96.5	100.5
1987	102.6	108.6	94.4	93.0	101.5
1988	99.6	112.1	88.7	89.6	99.1
1989	115.3	116.1	99.3	86.2	115.1
1990	119.4	119.5	99.8	83.0	120.1
1991	114.5	123.4	92.6	80.1	115.6
1992	112.7	127.0	88.6	77.3	114.6
% 92/91	-1.6	2.9	-4.3	-3.5	-0.9

(1) AWU : Annual Work Unit

Table A.14 **Ireland**

Major components of the calculation of Indicator 1
(indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	28.8	23.6	121.8	127.8	95.4
1974	26.8	25.0	106.7	122.3	87.4
1975	38.5	30.0	127.5	119.1	107.2
1976	43.4	36.4	118.7	116.7	101.8
1977	59.3	41.2	143.2	114.5	125.3
1978	66.4	45.5	145.3	112.0	129.8
1979	61.3	51.7	117.9	109.1	108.2
1980	55.9	59.3	93.7	106.2	88.3
1981	64.6	69.7	92.2	104.1	88.6
1982	79.8	80.3	98.9	102.4	96.7
1983	91.3	88.9	102.3	101.3	101.1
1984	107.9	94.5	113.6	101.2	112.3
1985	98.7	99.4	98.8	101.2	97.7
1986	93.4	106.0	87.7	97.6	89.9
1987	112.0	108.8	102.4	93.4	109.8
1988	131.7	112.2	116.8	91.0	128.6
1989	138.2	117.5	117.0	89.2	131.5
1990	136.4	115.9	117.1	87.3	134.2
1991	124.8	118.8	104.5	84.2	124.3
1992	145.7	122.2	118.6	82.0	144.9
% 92/91	16.8	2.9	13.5	-2.6	16.5

(1) AWU : Annual Work Unit

Table A.15 **Italia**

Major components of the calculation of Indicator 1
(indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	21.2	16.6	127.3	135.1	94.3
1974	23.1	19.9	116.2	132.3	87.8
1975	26.6	23.2	114.6	127.2	90.1
1976	29.4	27.4	107.2	127.2	84.3
1977	35.5	32.5	109.0	122.7	88.9
1978	41.0	37.1	110.2	122.7	89.9
1979	49.6	42.7	115.9	120.7	96.0
1980	65.5	51.3	127.3	116.5	109.3
1981	71.3	61.1	116.4	109.1	106.7
1982	78.9	71.6	109.9	102.8	106.9
1983	97.1	82.4	117.5	104.9	112.0
1984	95.9	91.9	104.1	103.0	101.0
1985	100.6	100.1	100.3	98.9	101.4
1986	103.5	108.0	95.6	98.1	97.5
1987	108.9	114.4	94.9	96.1	98.8
1988	104.7	122.0	85.6	91.7	93.3
1989	111.8	129.4	86.2	87.0	99.2
1990	108.1	139.1	77.5	85.2	91.0
1991	126.2	149.2	84.4	82.7	102.0
1992	124.2	157.0	78.9	80.7	97.9
% 92/91	-1.6	5.2	-6.5	-2.5	-4.1

(1) AWU : Annual Work Unit

Table A.16 **Luxembourg**

Major components of the calculation of Indicator 1 (indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	56.7	46.0	123.3	174.8	70.5
1974	53.1	53.8	98.7	167.9	58.7
1975	54.6	53.3	102.3	158.3	64.6
1976	50.9	59.9	85.0	148.6	57.2
1977	62.9	60.6	103.9	145.9	71.2
1978	62.8	63.7	98.6	139.0	70.9
1979	66.6	67.7	98.4	133.5	73.6
1980	63.0	73.1	86.2	126.6	68.0
1981	71.0	78.3	90.6	118.3	76.5
1982	104.6	86.8	120.5	114.2	105.4
1983	94.0	92.7	101.4	108.7	93.2
1984	96.6	96.8	99.7	103.2	96.6
1985	100.2	99.7	100.6	100.5	100.0
1986	103.2	103.5	99.7	96.3	103.4
1987	99.6	102.8	96.9	92.2	105.0
1988	99.9	106.2	94.1	88.1	106.8
1989	119.4	112.2	106.4	86.7	122.6
1990	109.1	114.5	95.2	82.6	115.3
1991	92.5	118.6	78.0	79.3	98.2
1992	96.6	121.3	79.6	75.8	105.0
% 92/91	4.3	2.2	2.1	-4.5	6.9

(1) AWU : Annual Work Unit

Table A.17 **Nederland**

Major components of the calculation of Indicator 1 (indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	55.9	52.5	106.4	116.8	91.1
1974	50.6	57.3	88.3	114.7	77.0
1975	59.4	63.2	94.0	113.3	82.9
1976	69.5	68.8	101.0	111.7	90.3
1977	68.5	73.4	93.4	108.6	86.0
1978	69.5	77.4	89.8	106.1	84.7
1979	65.8	80.4	81.8	104.7	78.1
1980	66.4	85.0	78.1	103.8	75.2
1981	84.2	89.6	94.0	101.8	92.3
1982	93.3	95.0	98.1	101.3	96.9
1983	91.7	96.8	94.7	101.4	93.4
1984	100.2	98.6	101.6	100.7	100.9
1985	96.3	100.4	95.8	100.2	95.6
1986	103.5	100.9	102.6	99.1	103.5
1987	84.4	100.5	84.0	98.2	85.5
1988	87.7	102.4	85.6	96.9	88.3
1989	104.0	104.0	99.9	97.0	103.1
1990	101.5	107.1	94.8	96.0	98.8
1991	104.3	110.5	94.4	95.7	98.6
1992	94.9	113.5	83.7	96.6	86.6
% 92/91	-9.0	2.7	-11.4	0.9	-12.1

(1) AWU : Annual Work Unit

Table A.18 **Portugal**

Major components of the calculation of Indicator 1
(indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	:	10.4	:	136.9	:
1974	:	12.3	:	133.9	:
1975	:	14.5	:	130.8	:
1976	:	15.1	:	133.0	:
1977	:	20.9	:	129.0	:
1978	:	25.6	:	122.1	:
1979	:	30.5	:	121.9	:
1980	42.9	36.9	115.9	121.0	95.7
1981	44.9	43.4	102.9	114.3	90.0
1982	58.5	52.4	111.2	110.6	100.5
1983	65.0	65.3	99.2	101.9	97.3
1984	83.3	81.4	102.0	102.4	99.6
1985	100.6	99.1	101.1	102.8	98.4
1986	116.1	119.4	96.9	94.8	102.1
1987	131.7	132.8	98.9	99.0	99.8
1988	118.4	148.3	79.6	94.7	84.0
1989	148.5	167.5	88.4	90.0	98.2
1990	170.1	191.4	88.6	84.5	104.7
1991	175.9	218.9	80.1	83.6	95.7
1992	169.9	247.6	68.4	78.2	87.4
% 92/91	-3.5	13.1	-14.6	-6.5	-8.7

(1) AWU : Annual Work Unit

Table A.19 **United Kingdom**

Major components of the calculation of Indicator 1
(indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	35.7	24.7	145.6	120.9	120.6
1974	35.9	28.4	127.4	116.2	109.8
1975	43.1	36.1	118.4	113.1	104.8
1976	53.7	41.6	130.2	114.0	114.3
1977	56.5	47.4	120.1	112.7	106.6
1978	59.6	52.8	113.6	112.4	101.2
1979	64.6	60.4	107.7	110.1	98.0
1980	70.3	72.2	98.5	107.1	92.0
1981	81.1	80.4	101.7	104.8	97.2
1982	94.2	86.5	108.3	103.9	104.3
1983	87.6	91.0	95.6	102.9	93.0
1984	109.0	95.2	114.2	101.3	112.9
1985	91.1	100.6	90.2	100.4	89.9
1986	99.9	104.2	95.6	98.3	97.2
1987	100.2	109.4	91.6	95.9	95.7
1988	93.9	116.5	80.9	94.1	86.0
1989	111.7	124.6	89.7	91.8	97.9
1990	116.0	133.0	88.8	89.9	98.9
1991	117.4	142.0	83.3	87.0	95.8
1992	123.4	148.5	83.7	85.6	97.9
% 92/91	5.2	4.6	0.5	-1.7	2.2

(1) AWU : Annual Work Unit

Table A.20

EUR 12

Major components of the calculation of Indicator 1
(indices, 1984-1986=100)

	Nominal net value added at factor cost	Implicit price index of gross domestic product at market prices	Real net value added at factor cost	Total labour input in AWU (1)	Real net value added at factor cost per AWU
1973	:	:	:	:	:
1974	:	:	:	:	:
1975	:	:	:	:	:
1976	:	:	:	:	:
1977	:	:	:	:	:
1978	:	:	:	:	:
1979	:	:	:	:	:
1980	74.9	:	105.7	116.6	90.7
1981	80.4	:	102.5	110.7	92.6
1982	94.0	:	109.4	107.0	102.3
1983	93.0	:	103.4	105.4	98.2
1984	100.3	:	104.5	102.7	101.8
1985	99.0	:	98.6	100.3	98.3
1986	100.7	:	96.9	97.0	99.9
1987	97.6	:	91.9	94.3	97.4
1988	101.2	:	91.2	91.1	100.1
1989	114.6	:	97.6	87.0	112.2
1990	113.4	:	91.8	84.2	109.0
1991	117.2	:	90.2	81.1	111.2
1992	114.9	:	84.1	78.1	107.7
% 92/91	-2.0	:	-6.7	-3.7	-3.1

(1) AWU : Annual Work Unit

Table A.21

Indicator 1

Indices of real net value added at factor cost of total labour input per annual work unit (AWU) from 1973 to 1992

1984-86=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	102.5	64.9	122.5	73.1	74.4	110.6	95.4	94.3	70.5	91.1	:	120.6	:
1974	81.9	63.3	104.6	71.0	63.6	102.0	87.4	87.8	58.7	77.0	:	109.8	:
1975	85.8	52.9	118.8	72.4	71.6	94.8	107.2	90.1	64.6	82.9	:	104.8	:
1976	101.1	54.7	123.4	78.5	76.6	93.8	101.8	84.3	57.2	90.3	:	114.3	:
1977	84.1	63.9	118.2	75.4	87.1	91.6	125.3	88.9	71.2	86.0	:	106.6	:
1978	90.7	69.5	113.3	85.3	88.3	95.0	129.8	89.9	70.9	84.7	:	101.2	:
1979	82.1	60.4	101.3	80.8	80.3	97.2	108.2	96.0	73.6	78.1	:	98.0	:
1980	86.8	65.3	90.3	92.0	86.4	88.0	88.3	109.3	68.0	75.2	95.7	92.0	90.7
1981	95.2	74.8	91.1	97.4	76.9	91.2	88.6	106.7	76.5	92.3	90.0	97.2	92.6
1982	100.4	90.6	111.0	100.1	88.9	107.6	96.7	106.9	105.4	96.9	100.5	104.3	102.3
1983	108.3	77.5	89.4	90.9	89.1	100.3	101.1	112.0	93.2	93.4	97.3	93.0	98.2
1984	104.4	103.3	102.4	98.8	100.0	99.4	112.3	101.0	96.6	100.9	99.6	112.9	101.8
1985	99.4	96.2	92.6	101.3	102.4	100.0	97.7	101.4	100.0	95.6	98.4	89.9	98.3
1986	96.2	100.5	105.0	99.9	97.6	100.5	89.9	97.5	103.4	103.5	102.1	97.2	99.9
1987	90.8	81.6	87.8	102.2	104.6	101.5	109.8	98.8	105.0	85.5	99.8	95.7	97.4
1988	98.6	83.3	109.1	112.4	120.5	99.1	128.6	93.3	106.8	88.3	84.0	86.0	100.1
1989	123.2	99.5	129.7	124.4	121.1	115.1	131.5	99.2	122.6	103.1	98.2	97.9	112.2
1990	111.8	93.5	115.4	104.5	127.0	120.1	134.2	91.0	115.3	98.8	104.7	98.9	109.0
1991	110.5	85.6	108.1	131.4	129.4	115.6	124.3	102.0	98.2	98.6	95.7	95.8	111.2
1992	104.6	76.6	110.8	118.1	117.0	114.6	144.9	97.9	105.0	86.6	87.4	97.9	107.7
% 92/91	-5.3	-10.6	2.5	-10.1	-9.6	-0.9	16.5	-4.1	6.9	-12.1	-8.7	2.2	-3.1

Table A.22 **Indicator 2**

Indices of real net income from agricultural activity of total labour input per annual work unit (AWU) from 1973 to 1992, 1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	110.6	87.8	142.4	78.3	79.7	119.5	106.6	103.3	74.3	99.2	:	137.6	:
1974	87.7	81.4	117.6	75.3	66.3	109.0	93.8	95.4	60.6	81.1	:	122.4	:
1975	92.2	59.9	137.7	76.3	74.7	99.8	117.9	97.1	65.8	88.3	:	119.0	:
1976	110.4	59.2	143.6	82.9	79.2	97.8	111.0	89.8	55.6	96.7	:	130.8	:
1977	88.6	69.3	135.9	78.7	91.0	94.8	137.4	94.1	71.0	90.3	:	121.4	:
1978	94.0	71.9	128.6	89.1	92.6	98.2	140.2	94.3	71.1	86.5	:	113.2	:
1979	82.7	43.8	109.7	82.4	82.5	100.4	104.5	100.1	74.4	75.5	:	103.4	:
1980	86.2	38.6	92.1	93.9	88.6	89.1	77.6	113.9	67.3	69.2	105.5	92.1	92.2
1981	95.8	47.3	90.3	100.6	74.9	92.6	78.8	109.1	75.8	87.7	95.2	99.7	93.0
1982	102.0	76.3	116.5	103.5	89.0	112.0	87.1	108.4	109.2	94.2	104.0	108.2	104.1
1983	111.0	56.2	86.3	92.3	88.6	101.3	96.8	114.3	94.2	92.4	94.1	95.4	98.8
1984	105.7	104.5	103.1	99.3	100.7	99.6	112.8	101.8	96.9	101.6	96.8	117.7	102.6
1985	98.3	93.8	89.6	100.7	102.7	100.0	97.6	101.3	100.1	94.8	98.9	85.9	97.7
1986	96.0	101.7	107.3	100.1	96.6	100.5	89.6	96.9	103.0	103.7	104.3	96.4	99.7
1987	89.4	59.5	82.8	102.8	104.4	102.4	114.7	98.7	104.2	81.5	100.4	96.3	97.0
1988	96.8	59.4	111.3	114.7	123.0	99.4	138.7	91.7	105.3	85.0	82.4	84.0	99.9
1989	126.4	87.9	137.9	128.4	116.4	118.0	138.9	98.0	122.9	100.1	98.1	93.9	112.4
1990	110.7	76.9	118.3	106.0	124.1	124.0	137.9	89.6	110.8	93.5	101.6	94.0	108.3
1991	108.6	62.9	107.6	133.2	124.1	117.6	127.3	102.7	89.9	92.8	91.0	94.9	110.9
1992	99.7	45.1	110.5	119.1	107.8	116.2	152.2	97.8	94.9	78.5	78.8	101.2	106.6
% 92/91	-8.2	-28.3	2.7	-10.6	-13.1	-1.2	19.6	-4.7	5.5	-15.4	-13.4	6.7	-3.9

Table A.23 **Indicator 3**

Indices of real net income from agricultural activity of family labour input per annual work unit (AWU) from 1973 to 1992, 1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	113.6	92.2	156.4	80.1	80.8	132.8	104.7	135.6	70.9	96.9	:	180.9	:
1974	88.7	82.5	126.5	76.4	59.8	117.1	90.0	115.8	57.2	76.8	:	149.8	:
1975	93.3	53.8	151.4	76.1	71.7	104.9	116.2	112.3	62.4	84.4	:	142.7	:
1976	112.4	52.4	157.5	82.7	73.7	102.1	109.5	96.9	52.6	93.9	:	160.2	:
1977	89.0	65.6	146.8	77.7	87.1	98.3	137.8	99.1	68.0	86.5	:	144.4	:
1978	94.0	67.6	137.0	87.1	87.8	102.0	140.9	98.0	68.3	81.9	:	128.4	:
1979	82.3	28.2	113.9	79.9	77.0	104.1	101.8	105.9	72.6	69.3	:	110.1	:
1980	85.7	19.6	91.2	90.1	85.0	89.3	72.4	123.3	65.7	62.8	98.6	92.9	90.5
1981	95.7	30.9	88.4	96.7	65.8	93.4	75.4	116.0	74.5	84.9	88.4	105.3	91.3
1982	102.5	70.6	121.3	100.2	85.0	117.1	85.7	116.1	109.1	93.1	100.2	118.3	106.4
1983	112.0	41.2	83.1	90.2	85.1	102.6	96.6	122.5	94.0	90.9	91.7	94.7	98.4
1984	105.9	106.6	104.6	97.9	100.3	99.7	114.7	103.8	96.9	101.2	95.9	130.5	103.5
1985	98.2	91.2	86.2	101.7	102.6	100.0	97.4	100.6	100.0	94.1	98.8	75.9	96.6
1986	95.9	102.3	109.2	100.4	97.1	100.3	88.0	95.6	103.1	104.8	105.3	93.6	99.9
1987	88.1	41.0	78.0	104.3	108.0	101.5	114.5	98.2	104.1	77.5	100.6	94.5	96.0
1988	95.8	41.6	113.5	116.9	132.5	97.1	140.7	84.9	105.4	80.9	77.8	74.9	99.1
1989	128.0	83.1	147.5	131.2	120.9	119.2	141.3	93.6	126.2	101.7	96.1	90.2	115.3
1990	110.4	69.6	122.4	106.9	130.2	124.8	139.0	80.1	111.6	91.9	100.8	89.0	109.1
1991	107.2	49.4	107.8	134.2	131.0	115.5	126.3	103.8	90.5	89.0	85.8	89.3	111.8
1992	97.1	23.5	111.6	117.2	106.8	112.6	153.9	92.6	95.5	70.3	72.2	99.4	104.6
% 92/91	-9.5	-52.5	3.5	-12.6	-18.4	-2.5	21.9	-10.8	5.5	-21.0	-15.8	11.3	-6.5

Table A.24

Volume indices of final output in agriculture from 1973 to 1992
1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	89.7	72.4	83.9	80.9	79.6	80.5	73.4	82.2	94.6	65.2	:	85.6	:
1974	91.8	79.0	84.2	82.0	76.7	78.7	73.9	83.5	97.6	69.1	:	83.1	:
1975	85.2	72.5	84.3	88.0	77.3	75.6	75.4	86.5	94.7	68.7	:	78.6	:
1976	84.4	73.4	84.7	87.5	80.4	75.9	74.8	84.8	90.6	71.5	:	77.5	:
1977	85.9	79.9	89.0	84.0	80.9	78.4	81.9	86.4	92.6	74.6	:	83.6	:
1978	89.4	82.3	92.2	91.2	84.9	84.0	86.0	89.0	93.2	79.5	:	86.3	:
1979	90.3	84.8	92.5	87.5	85.4	90.9	86.0	94.5	92.3	83.2	:	87.2	:
1980	90.7	85.5	93.6	96.0	93.6	90.3	84.9	98.6	90.1	85.2	97.0	90.3	92.4
1981	91.4	87.7	92.8	96.8	86.5	89.8	84.7	97.5	93.8	89.2	94.2	89.7	91.5
1982	94.3	92.1	101.1	98.1	91.8	98.1	90.2	95.9	102.2	92.6	98.0	96.1	96.4
1983	93.2	90.1	98.3	93.9	94.3	95.9	93.4	102.6	97.7	94.7	94.8	94.5	96.6
1984	97.7	99.1	101.1	97.1	99.9	99.6	101.1	98.7	100.2	97.7	97.3	102.0	99.6
1985	98.5	99.9	96.9	100.6	102.0	99.8	100.0	99.5	98.5	98.7	100.4	98.6	99.4
1986	103.8	101.0	101.9	102.3	98.0	100.6	98.8	101.8	101.3	103.6	102.3	99.4	101.0
1987	102.1	97.9	96.9	98.5	106.0	103.9	100.0	106.0	98.0	101.6	108.6	98.6	102.2
1988	106.2	102.6	99.9	108.4	112.2	103.7	101.6	103.7	97.5	104.2	97.3	98.1	103.6
1989	109.3	105.7	100.0	112.6	105.7	106.5	103.7	104.7	101.4	107.8	110.4	99.9	104.8
1990	106.4	109.4	99.8	95.1	110.0	107.9	111.4	102.0	100.3	112.1	119.5	101.5	105.2
1991	110.2	108.3	99.8	108.5	108.9	107.5	112.2	106.2	89.9	114.3	119.7	102.1	106.6
1992	119.7	102.3	105.3	110.3	108.3	114.9	115.3	107.0	104.1	117.6	118.3	103.5	109.8
% 92/91	8.7	-5.6	5.5	1.7	-0.5	6.9	2.8	0.7	15.7	2.9	-1.2	1.4	2.9

Table A.25

Nominal price indices of final output in agriculture from 1973 to 1992
1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	59.2	48.3	83.3	14.6	27.5	43.5	30.6	22.7	57.6	74.4	:	36.3	:
1974	57.6	47.8	81.6	16.9	30.0	47.7	31.4	27.1	56.0	70.4	:	42.0	:
1975	66.6	53.8	89.1	18.1	34.2	51.0	41.5	30.9	61.0	78.4	:	50.9	:
1976	76.0	60.9	98.6	21.8	38.4	57.1	50.9	37.4	66.2	87.3	:	65.3	:
1977	72.9	63.3	97.1	24.3	48.0	60.5	62.7	43.8	67.4	86.8	:	68.4	:
1978	72.4	68.3	93.9	27.4	53.7	63.9	69.2	49.6	67.6	84.1	:	70.4	:
1979	73.1	69.3	96.1	33.0	57.1	66.8	73.7	55.1	70.6	83.5	:	78.6	:
1980	77.4	76.2	96.7	40.0	59.6	71.9	72.8	62.0	72.8	87.9	39.0	82.4	72.8
1981	83.8	85.8	103.9	48.3	68.2	80.6	84.7	71.1	79.2	96.8	46.4	90.9	81.4
1982	91.1	95.8	104.7	59.0	77.6	88.8	91.6	81.5	92.1	99.4	55.7	96.2	88.8
1983	101.3	99.3	104.0	69.6	85.7	96.3	99.0	89.7	97.1	100.3	69.5	99.8	94.4
1984	101.7	103.2	103.5	85.7	94.4	98.8	101.6	96.2	97.8	102.8	87.8	101.1	98.7
1985	101.6	99.3	101.5	101.8	98.9	100.8	99.0	101.1	101.5	101.6	100.1	98.6	100.5
1986	96.8	97.5	94.9	112.6	106.7	100.4	99.5	102.7	100.7	95.6	112.2	100.3	100.8
1987	94.3	93.0	90.6	123.8	104.0	97.7	103.8	101.9	100.6	94.3	119.6	103.1	99.9
1988	94.2	92.3	92.4	138.6	108.2	99.8	112.3	103.3	103.4	94.3	131.6	104.3	102.5
1989	104.6	97.9	98.7	156.6	116.1	106.0	117.3	107.9	110.7	99.7	135.9	110.9	109.2
1990	100.1	93.0	93.6	188.5	117.0	106.1	104.3	111.8	110.8	94.1	141.0	112.0	109.5
1991	99.2	90.1	92.5	226.9	116.9	104.1	100.8	117.5	107.1	94.9	142.7	110.4	111.7
1992	90.3	91.2	87.7	231.0	109.3	94.2	103.7	115.5	101.8	91.0	130.8	111.9	106.6
% 92/91	-9.0	1.3	-5.2	1.8	-6.5	-9.5	2.9	-1.7	-4.9	-4.2	-8.3	1.4	-4.6

Table A.26

Real price indices of final output in agriculture from 1973 to 1992
1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	128.4	135.4	135.5	103.3	148.9	140.0	129.4	136.5	125.3	141.8	:	146.5	:
1974	110.8	118.6	124.1	99.1	139.9	136.7	125.2	136.1	104.1	122.9	:	147.5	:
1975	114.3	118.7	128.1	94.3	136.8	129.3	137.6	133.1	114.4	124.2	:	140.6	:
1976	121.4	123.1	136.8	98.7	131.6	130.5	139.7	136.0	110.5	126.9	:	156.4	:
1977	108.3	116.9	129.8	97.2	133.7	126.9	151.7	134.5	111.2	118.3	:	143.9	:
1978	103.0	114.8	120.4	97.2	124.1	121.7	151.6	133.6	106.1	108.7	:	133.0	:
1979	99.5	108.3	118.7	98.6	112.5	115.5	141.9	128.6	104.2	103.9	:	129.8	:
1980	101.6	110.1	113.9	101.7	102.9	111.4	122.3	120.6	99.6	103.6	104.7	113.9	107.8
1981	105.0	112.5	117.5	102.6	105.2	112.1	121.2	116.1	101.1	108.1	106.1	112.8	109.6
1982	106.6	113.6	113.4	100.0	105.2	110.3	113.8	113.7	106.1	104.6	105.5	110.9	109.4
1983	112.2	109.4	108.8	99.2	104.1	109.1	111.1	108.6	104.7	103.7	105.6	109.4	106.0
1984	107.1	107.7	106.1	101.4	103.4	104.3	107.1	104.4	101.0	104.3	106.9	106.0	105.2
1985	100.8	99.2	101.8	102.4	99.7	100.6	99.2	100.8	101.8	101.2	100.2	97.7	100.3
1986	92.6	93.2	92.2	96.3	96.9	95.2	93.5	94.9	97.2	94.8	93.2	96.1	94.6
1987	88.3	84.9	86.3	92.8	89.2	89.8	95.1	88.8	97.8	93.9	89.4	94.1	89.2
1988	87.0	80.6	86.7	89.9	87.9	88.9	99.8	84.5	97.4	92.1	88.1	89.3	88.6
1989	92.2	82.0	90.2	90.1	88.1	91.2	99.5	83.2	98.7	95.9	80.5	88.9	90.4
1990	85.6	76.1	82.8	90.9	82.8	88.7	89.7	80.2	96.7	88.0	73.1	84.0	85.9
1991	82.4	71.6	78.2	94.4	77.3	84.2	84.6	78.6	90.2	86.0	64.7	77.5	81.2
1992	72.4	70.7	70.6	83.1	68.0	74.1	84.6	73.4	83.9	80.1	52.5	75.1	73.9
% 92/91	-12.1	-1.2	-9.6	-12.0	-12.1	-12.0	0.0	-6.6	-6.9	-6.7	-18.9	-3.1	-9.0

Table A.27

Nominal value indices of final output in agriculture from 1973 to 1992
1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	53.2	35.0	69.9	11.8	21.9	35.0	22.5	18.6	54.5	48.5	:	31.0	:
1974	52.9	37.8	68.7	13.8	23.0	37.5	23.2	22.6	54.7	48.7	:	34.9	:
1975	56.7	39.1	75.2	15.9	26.5	38.5	31.3	26.7	57.8	53.9	:	40.0	:
1976	64.2	44.7	83.6	19.0	30.9	43.3	38.1	31.7	60.0	62.4	:	50.6	:
1977	62.7	50.6	86.4	20.3	38.9	47.4	51.3	37.8	62.4	64.8	:	57.2	:
1978	64.7	56.2	86.6	24.9	45.6	53.6	59.5	44.2	63.0	66.9	:	60.8	:
1979	66.1	58.8	89.0	28.8	48.8	60.7	63.3	52.0	65.2	69.6	:	68.5	:
1980	70.3	65.2	90.6	38.3	55.8	65.0	61.8	61.1	65.6	75.0	37.7	74.4	67.3
1981	76.6	75.3	96.4	46.7	59.0	72.4	71.8	69.3	74.3	86.4	43.6	81.6	74.5
1982	85.9	88.2	105.9	57.7	71.3	87.2	82.6	78.2	94.2	92.2	54.5	92.4	85.5
1983	94.5	89.5	102.3	65.2	80.8	92.4	92.5	92.0	94.8	95.0	65.8	94.3	91.2
1984	99.4	102.3	104.7	83.0	94.4	98.3	102.7	95.0	98.0	100.5	85.2	103.1	98.3
1985	100.0	99.2	98.4	102.2	101.0	100.6	99.0	100.6	100.1	100.4	100.3	97.2	99.9
1986	100.5	98.5	96.8	114.9	104.6	101.0	98.3	104.5	102.0	99.1	114.5	99.7	101.8
1987	96.3	91.1	87.8	121.7	110.2	101.4	103.8	108.0	98.6	96.0	129.7	101.6	102.1
1988	100.1	94.7	92.3	149.9	121.4	103.5	114.1	107.0	100.8	98.3	127.8	102.3	106.2
1989	114.4	103.5	98.7	175.9	122.8	112.8	121.6	112.9	112.3	107.6	149.7	110.8	114.5
1990	106.6	101.8	93.5	178.9	128.8	114.5	116.2	114.0	111.1	105.6	168.1	113.6	115.2
1991	109.4	97.6	92.4	245.6	127.3	111.9	113.1	124.8	96.3	108.6	170.5	112.7	119.1
1992	108.2	93.3	92.4	254.2	118.4	108.3	119.6	123.6	105.9	107.0	154.6	115.7	117.0
% 92/91	-1.1	-4.4	0.0	3.5	-7.0	-3.2	5.8	-1.0	10.0	-1.5	-9.3	2.7	-1.8

Table A.28

Real value indices of final output in agriculture from 1973 to 1992
1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	115.2	98.0	113.7	83.6	118.6	112.8	95.0	112.3	118.5	92.4	:	125.3	:
1974	101.8	93.6	104.5	81.3	107.3	107.5	92.6	113.7	101.6	84.9	:	122.5	:
1975	97.4	86.1	108.1	83.0	105.7	97.7	103.8	115.1	108.3	85.3	:	110.5	:
1976	102.5	90.3	116.0	86.4	105.8	99.0	104.5	115.3	100.1	90.7	:	121.3	:
1977	93.1	93.4	115.6	81.6	108.1	99.4	124.2	116.2	103.0	88.2	:	120.3	:
1978	92.0	94.5	111.1	88.6	105.3	102.2	130.4	118.9	98.9	86.4	:	114.8	:
1979	89.9	91.9	109.8	86.3	96.2	105.0	122.0	121.6	96.2	86.5	:	113.2	:
1980	92.1	94.1	106.6	97.6	96.3	100.6	103.9	119.0	89.8	88.3	101.6	102.8	99.6
1981	95.9	98.7	109.0	99.3	91.0	100.7	102.7	113.2	94.8	96.4	99.9	101.2	100.3
1982	100.5	104.6	114.7	98.1	96.5	108.3	102.6	109.0	108.4	96.9	103.4	106.6	105.4
1983	104.6	98.7	107.0	93.1	98.1	104.7	103.8	111.5	102.2	98.1	100.1	103.4	102.5
1984	104.7	106.7	107.3	98.5	103.3	103.8	108.3	103.1	101.2	101.9	104.0	108.1	104.8
1985	99.2	99.1	98.7	103.0	101.7	100.4	99.2	100.3	100.3	99.9	100.6	96.4	99.7
1986	96.1	94.2	94.0	98.5	95.0	95.7	92.5	96.6	98.5	98.2	95.4	95.5	95.5
1987	90.2	83.2	83.6	91.4	94.5	93.3	95.1	94.2	95.8	95.5	97.1	92.8	91.2
1988	92.4	82.7	86.5	97.4	98.6	92.2	101.4	87.5	94.9	96.0	85.7	87.6	91.8
1989	100.8	86.7	90.2	101.4	93.1	97.1	103.2	87.1	100.0	103.4	88.9	88.8	94.8
1990	91.1	83.3	82.6	86.5	91.0	95.7	99.9	81.8	97.0	98.6	87.3	85.2	90.4
1991	90.8	77.6	78.0	102.4	84.2	90.5	94.9	83.5	81.1	98.3	77.4	79.2	86.6
1992	86.7	72.3	74.4	91.7	73.7	85.2	97.6	78.6	87.3	94.2	62.1	77.7	81.1
% 92/91	-4.5	-6.7	-4.7	-10.4	-12.5	-5.9	2.8	-5.9	7.6	-4.1	-19.8	-1.8	-6.3

Table A.29

Volume indices of intermediate consumption in agriculture from 1973 to 1992
1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	90.8	83.9	84.8	66.3	54.5	81.2	71.9	72.4	96.9	70.3	:	97.7	:
1974	91.0	78.2	82.0	68.7	58.8	83.9	64.1	73.9	100.2	73.1	:	92.9	:
1975	91.5	81.4	83.8	75.6	60.6	80.3	61.1	74.3	98.3	73.5	:	93.2	:
1976	91.0	89.2	90.2	78.3	65.8	84.3	68.5	78.4	107.4	78.1	:	94.9	:
1977	92.3	91.4	94.9	83.3	69.8	86.2	75.5	83.4	100.7	81.1	:	96.1	:
1978	93.5	99.4	98.5	85.5	75.2	90.8	86.8	89.5	92.5	86.1	:	96.0	:
1979	95.0	106.2	103.3	87.5	81.9	95.0	99.5	95.3	91.0	90.8	:	97.7	:
1980	94.0	101.1	102.9	91.8	87.3	96.4	88.7	98.7	92.2	96.0	105.9	95.1	96.7
1981	92.8	98.6	99.3	95.4	92.3	96.2	93.1	96.3	92.1	94.3	109.9	93.0	95.9
1982	94.7	99.9	99.5	97.1	95.6	96.8	92.6	96.4	90.0	93.5	108.5	99.4	97.4
1983	94.3	102.3	102.1	100.0	95.8	97.7	97.4	98.0	99.1	101.5	103.4	102.6	99.5
1984	96.5	99.9	100.7	99.8	98.8	99.3	97.2	98.5	97.5	96.9	99.0	100.3	99.2
1985	99.1	101.0	100.4	103.0	98.9	99.5	98.2	99.5	100.7	101.3	100.0	99.6	99.9
1986	104.3	99.0	98.9	97.2	102.3	101.2	104.5	102.0	101.8	101.8	100.9	100.2	100.9
1987	107.4	102.7	99.1	102.9	103.6	103.9	100.7	106.3	104.4	113.5	107.3	101.6	103.8
1988	109.2	100.7	98.2	103.7	106.7	105.8	101.8	106.7	103.1	111.1	105.5	102.0	104.4
1989	113.0	100.0	97.3	105.4	107.1	108.0	107.3	107.2	108.3	111.7	115.5	99.8	105.0
1990	111.6	103.3	96.1	106.6	109.4	110.0	109.3	105.4	110.6	112.0	119.0	96.8	105.2
1991	112.5	102.2	93.2	108.7	111.2	109.7	110.3	106.9	109.9	113.8	118.3	94.3	104.8
1992	114.6	104.2	91.9	110.8	114.1	110.3	107.9	106.1	110.9	115.1	112.9	93.3	105.0
% 92/91	1.9	2.0	-1.3	2.0	2.6	0.6	-2.2	-0.7	0.9	1.1	-4.6	-1.1	0.2

Table A.30

Nominal price indices of intermediate consumption in agriculture from 1973 to 1992
1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	51.3	39.8	67.2	13.7	31.4	30.5	21.6	20.1	47.9	64.8	:	29.9	:
1974	56.0	46.4	72.5	17.0	34.5	37.9	29.7	27.1	53.6	68.5	:	38.3	:
1975	58.9	49.8	74.0	19.2	35.3	40.6	36.4	31.0	59.4	70.2	:	43.1	:
1976	65.9	54.5	80.4	21.0	38.6	45.0	44.0	36.8	64.7	76.7	:	51.3	:
1977	67.3	57.8	82.0	22.8	42.8	50.0	53.1	41.7	66.2	79.2	:	59.4	:
1978	65.1	57.2	79.0	24.4	45.4	53.3	55.4	44.7	65.9	77.2	:	61.9	:
1979	68.8	61.4	84.3	30.9	49.0	57.9	59.9	49.4	68.1	82.0	:	69.1	:
1980	74.2	71.3	89.2	40.9	54.1	66.5	68.2	59.1	74.2	86.7	29.6	77.7	71.1
1981	80.8	83.5	98.0	49.6	65.5	75.2	78.5	72.2	82.6	94.9	37.2	84.1	80.1
1982	89.6	92.7	101.1	57.1	72.1	83.5	86.8	82.0	89.5	99.4	45.8	90.1	86.9
1983	97.7	98.4	102.0	70.7	84.5	92.3	93.1	91.5	98.3	98.3	63.1	96.9	93.7
1984	102.6	103.6	104.6	84.1	95.5	99.9	99.7	99.6	103.0	105.7	86.2	100.2	100.4
1985	101.4	100.9	101.8	99.9	101.6	101.7	102.2	102.2	100.0	102.0	100.5	101.1	101.6
1986	96.1	95.5	93.7	116.0	102.8	98.4	98.1	98.2	97.0	92.3	113.3	98.7	98.0
1987	90.4	91.2	88.6	126.6	104.5	97.1	93.1	97.2	92.3	86.9	117.3	99.1	96.2
1988	91.6	96.0	88.2	143.1	105.4	100.2	96.0	98.6	96.2	90.0	128.5	103.3	98.9
1989	94.5	100.3	90.8	159.4	108.5	103.4	99.9	102.2	97.2	92.4	134.4	107.9	102.6
1990	92.5	97.8	90.7	188.1	110.0	101.8	99.1	105.2	100.2	89.4	142.1	112.4	103.7
1991	92.9	96.1	92.9	224.5	112.7	103.0	99.2	106.6	103.9	90.8	148.8	117.4	106.5
1992	92.9	97.1	94.8	255.4	113.8	101.4	99.8	108.2	104.4	92.6	143.4	120.3	107.6
% 92/91	0.0	1.0	2.0	13.8	1.0	-1.6	0.6	1.5	0.5	2.0	-3.6	2.5	1.0

Table A.31

Real price indices of intermediate consumption in agriculture from 1973 to 1992
1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	111.3	111.3	109.3	97.2	170.4	98.1	91.8	120.7	104.1	123.5	:	120.8	:
1974	107.9	114.8	110.1	100.0	161.1	108.6	118.8	135.9	99.6	119.6	:	134.6	:
1975	101.1	109.7	106.2	100.7	141.2	103.0	121.2	133.3	111.3	111.3	:	119.1	:
1976	105.2	110.0	111.5	95.1	132.3	102.8	120.8	133.9	108.0	111.6	:	123.1	:
1977	100.1	106.7	109.6	91.7	119.2	104.7	128.9	127.8	109.2	107.9	:	124.9	:
1978	92.7	96.0	101.3	86.8	104.7	101.5	121.7	120.1	103.5	99.8	:	117.0	:
1979	93.7	95.8	103.9	92.6	96.5	100.1	115.8	115.2	100.5	102.1	:	114.3	:
1980	97.3	102.8	104.8	104.2	93.3	102.9	114.8	114.7	101.5	102.1	79.6	107.5	102.5
1981	101.2	109.4	110.7	105.5	101.0	104.6	112.5	117.9	105.4	106.0	85.0	104.5	105.6
1982	104.8	109.8	109.3	97.0	97.7	103.7	108.1	114.1	103.0	104.7	86.8	104.0	104.4
1983	108.2	108.4	106.6	100.9	102.5	104.5	104.7	110.6	105.9	101.6	96.0	106.3	105.1
1984	108.1	107.9	107.1	99.8	104.5	105.5	105.4	107.9	106.4	107.2	105.2	105.1	106.0
1985	100.6	100.8	101.9	100.7	102.4	101.4	102.7	101.7	100.2	101.6	100.7	100.3	101.5
1986	92.0	91.2	90.8	99.5	93.4	93.2	92.5	90.7	93.7	91.5	94.2	94.6	92.6
1987	84.7	83.2	84.3	95.1	89.6	89.2	85.5	84.7	89.7	86.5	87.7	90.4	87.4
1988	84.6	83.8	82.7	93.0	85.6	89.2	85.6	80.5	90.6	87.9	86.1	88.5	86.4
1989	83.3	83.9	82.9	91.9	82.3	88.9	85.0	78.7	86.6	88.9	79.7	86.5	85.5
1990	79.2	79.9	80.1	90.9	77.7	85.0	85.4	75.3	87.4	83.6	73.8	84.3	82.4
1991	77.2	76.3	78.4	93.6	74.5	83.3	83.5	71.2	87.5	82.2	67.5	82.5	80.4
1992	74.5	75.2	76.3	92.1	70.8	79.7	81.6	68.7	86.1	81.7	57.5	80.9	77.6
% 92/91	-3.5	-1.5	-2.8	-1.6	-5.0	-4.4	-2.2	-3.5	-1.6	-0.6	-14.8	-2.0	-3.5

Table A.32

Nominal value indices of intermediate consumption in agriculture from 1973 to 1992
1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	46.6	33.4	57.0	9.1	17.1	24.8	15.6	14.5	46.4	45.6	:	29.2	:
1974	51.0	36.2	59.4	11.7	20.3	31.8	19.1	20.0	53.8	50.1	:	35.6	:
1975	53.9	40.5	62.0	14.6	21.4	32.6	22.3	23.0	58.5	51.7	:	40.2	:
1976	60.0	48.6	72.6	16.4	25.4	38.0	30.1	28.9	69.5	60.0	:	48.7	:
1977	62.2	52.9	77.8	19.1	29.9	43.1	40.1	34.8	66.7	64.3	:	57.0	:
1978	61.0	56.9	77.8	20.9	34.1	48.4	48.1	40.0	61.0	66.6	:	59.4	:
1979	65.5	65.1	87.0	27.1	40.1	55.1	59.7	47.1	62.0	74.5	:	67.5	:
1980	69.8	72.1	91.7	37.7	47.2	64.1	60.5	58.3	68.5	83.3	31.3	73.9	68.7
1981	75.1	82.3	97.2	47.4	60.4	72.4	73.1	69.6	76.1	89.5	40.8	78.2	76.8
1982	84.9	92.5	100.5	55.5	69.0	80.9	80.5	79.1	80.5	93.0	49.6	89.6	84.6
1983	92.1	100.7	104.1	70.8	80.9	90.2	90.7	89.7	97.4	99.9	65.3	99.4	93.3
1984	99.1	103.5	105.3	84.1	94.3	99.2	97.0	98.1	100.5	102.5	85.3	100.5	99.6
1985	100.6	101.9	102.1	103.0	100.5	101.2	100.4	101.7	100.7	103.4	100.4	100.6	101.5
1986	100.3	94.6	92.6	112.9	105.2	99.6	102.6	100.2	98.8	94.1	114.3	98.9	98.9
1987	97.2	93.6	87.7	130.5	108.3	100.9	93.8	103.4	96.4	98.7	125.7	100.6	99.9
1988	100.1	96.6	86.7	148.6	112.5	106.1	97.8	105.2	99.3	100.1	135.5	105.4	103.2
1989	106.9	100.3	88.3	168.2	116.2	111.7	107.3	109.6	105.3	103.3	155.2	107.6	107.8
1990	103.3	101.0	87.2	200.8	120.3	112.1	108.4	110.8	110.8	100.3	169.0	108.8	109.0
1991	104.6	98.2	86.5	244.2	125.3	113.0	109.4	114.0	114.2	103.5	175.9	110.7	111.6
1992	106.5	100.4	87.1	283.5	129.8	111.9	107.7	114.9	115.9	106.8	161.7	112.2	113.0
% 92/91	1.9	2.3	0.7	16.1	3.6	-1.0	-1.6	0.8	1.5	3.2	-8.1	1.4	1.2

Table A.33

Real value indices of intermediate consumption in agriculture from 1973 to 1992
1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	101.0	93.4	92.7	64.4	92.9	79.6	66.0	87.4	100.8	86.8	:	118.1	:
1974	98.2	89.8	90.3	68.7	94.8	91.1	76.1	100.5	99.8	87.4	:	125.1	:
1975	92.5	89.3	89.1	76.1	85.6	82.7	74.0	99.1	109.5	81.8	:	111.1	:
1976	95.7	98.2	100.6	74.5	87.1	86.7	82.7	105.0	116.1	87.1	:	116.8	:
1977	92.3	97.5	104.0	76.4	83.2	90.3	97.3	106.6	110.0	87.5	:	120.0	:
1978	86.7	95.5	99.8	74.1	78.7	92.2	105.6	107.5	95.7	86.0	:	112.3	:
1979	89.1	101.7	107.3	81.0	79.1	95.2	115.2	109.8	91.5	92.7	:	111.6	:
1980	91.5	103.9	107.9	95.7	81.5	99.3	101.8	113.2	93.6	98.0	84.3	102.2	99.1
1981	94.0	107.8	109.9	100.6	93.2	100.6	104.8	113.5	97.1	99.9	93.5	97.1	101.3
1982	99.3	109.7	108.7	94.2	93.4	100.4	100.1	110.1	92.7	97.9	94.2	103.4	101.7
1983	102.0	110.8	108.9	100.9	98.2	102.1	101.9	108.4	105.0	103.1	99.3	109.0	104.5
1984	104.3	107.8	107.9	99.6	103.2	104.8	102.5	106.3	103.7	103.8	104.2	105.4	105.1
1985	99.7	101.8	102.4	103.7	101.3	100.9	100.9	101.2	101.0	102.9	100.7	99.8	101.4
1986	95.9	90.4	89.8	96.7	95.6	94.3	96.7	92.5	95.4	93.2	95.1	94.8	93.5
1987	91.0	85.4	83.5	97.8	92.9	92.7	86.1	90.0	93.6	98.2	94.1	91.9	90.7
1988	92.3	84.3	81.2	96.4	91.3	94.4	87.1	85.9	93.5	97.7	90.9	90.3	90.2
1989	94.2	83.9	80.7	96.8	88.2	96.1	91.2	84.4	93.7	99.3	92.1	86.3	89.8
1990	88.3	82.6	77.0	96.9	85.1	93.6	93.4	79.4	96.7	93.6	87.8	81.6	86.6
1991	86.8	78.0	73.1	101.7	82.9	91.4	92.0	76.1	96.2	93.6	79.9	77.8	84.3
1992	85.3	77.8	70.1	102.1	80.8	87.9	88.0	72.9	95.5	94.0	64.9	75.4	81.5
% 92/91	-1.7	-0.2	-4.0	0.4	-2.6	-3.7	-4.4	-4.2	-0.7	0.4	-18.7	-3.0	-3.3

Table A.34

Trends in productivity of intermediate consumption (1) from 1973 to 1992
1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	98.9	86.3	99.0	122.1	146.2	99.2	102.0	113.6	97.7	92.7	:	87.5	:
1974	100.9	101.0	102.7	119.5	130.5	93.7	115.4	113.0	97.4	94.5	:	89.4	:
1975	93.1	89.1	100.6	116.5	127.5	94.2	123.5	116.4	96.3	93.4	:	84.3	:
1976	92.7	82.3	93.9	111.7	122.2	90.0	109.3	108.1	84.3	91.5	:	81.7	:
1977	93.1	87.4	93.8	100.9	115.8	90.9	108.5	103.6	91.9	92.0	:	87.0	:
1978	95.6	82.8	93.7	106.7	113.0	92.5	99.0	99.5	100.7	92.3	:	89.9	:
1979	95.0	79.9	89.6	100.0	104.3	95.6	86.4	99.2	101.4	91.7	:	89.3	:
1980	96.5	84.5	91.0	104.5	107.3	93.6	95.8	99.9	97.8	88.8	91.6	94.9	95.6
1981	98.4	89.0	93.5	101.5	93.7	93.3	91.0	101.3	101.8	94.7	85.7	96.5	95.4
1982	99.6	92.3	101.7	101.1	96.0	101.3	97.4	99.5	113.6	99.1	90.3	96.6	99.0
1983	98.9	88.1	96.3	93.9	98.4	98.2	96.0	104.7	98.5	93.3	91.6	92.2	97.2
1984	101.2	99.2	100.4	97.2	101.2	100.2	104.0	100.2	102.8	100.9	98.2	101.7	100.4
1985	99.3	98.9	96.5	97.7	103.2	100.3	101.8	100.0	97.8	97.5	100.4	99.0	99.5
1986	99.5	102.0	103.1	105.3	95.8	99.4	94.5	99.8	99.5	101.7	101.4	99.2	100.1
1987	95.0	95.4	97.8	95.7	102.3	99.9	99.2	99.8	93.9	89.6	101.2	97.1	98.5
1988	97.3	101.9	101.7	104.6	105.1	98.0	99.8	97.1	94.5	93.8	92.2	96.2	99.3
1989	96.7	105.7	102.8	106.8	98.7	98.6	96.6	97.6	93.6	96.5	95.6	100.1	99.8
1990	95.4	105.9	103.9	89.2	100.5	98.1	101.9	96.7	90.7	100.1	100.4	104.8	100.0
1991	97.9	106.0	107.2	99.8	97.9	98.0	101.7	99.4	81.8	100.4	101.2	108.3	101.8
1992	104.5	98.1	114.5	99.5	94.9	104.1	106.9	100.8	93.8	102.2	104.8	111.0	104.5
% 92/91	6.7	-7.5	6.9	-0.3	-3.0	6.3	5.1	1.4	14.7	1.8	3.6	2.5	2.7

(1) Index of volume of final output divided by the index of volume of intermediate consumption.

Table A.35

Trends in "price scissors" of agriculture (1) from 1973 to 1992
1984-1986=100

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1973	115.4	121.4	123.9	106.5	87.3	142.7	141.3	112.9	120.3	114.9	:	121.3	:
1974	102.8	103.1	112.6	99.3	86.7	125.8	105.6	100.0	104.5	102.7	:	109.6	:
1975	113.1	108.1	120.4	93.8	96.9	125.5	113.8	99.7	102.7	111.6	:	118.1	:
1976	115.4	111.7	122.6	104.0	99.4	126.9	115.9	101.5	102.3	113.8	:	127.2	:
1977	108.3	109.5	118.3	106.2	112.1	121.1	117.9	105.1	101.8	109.6	:	115.2	:
1978	111.1	119.4	118.8	112.3	118.4	119.9	124.9	111.1	102.5	108.9	:	113.7	:
1979	106.3	113.0	114.1	106.8	116.5	115.3	122.9	111.5	103.7	101.8	:	113.6	:
1980	104.4	107.0	108.5	97.8	110.2	108.2	106.8	105.0	98.0	101.4	131.7	106.0	102.4
1981	103.7	102.8	106.0	97.5	104.2	107.2	108.0	98.4	95.9	102.0	124.9	108.1	101.7
1982	101.7	103.3	103.5	103.3	107.6	106.4	105.5	99.4	102.9	100.0	121.6	106.7	102.2
1983	103.7	100.9	101.9	98.5	101.5	104.3	106.3	98.0	98.8	102.1	110.1	103.0	100.7
1984	99.1	99.7	99.0	101.9	98.9	98.9	101.9	96.7	94.9	97.3	101.8	100.9	98.3
1985	100.2	98.4	99.8	101.8	97.3	99.2	96.8	98.9	101.6	99.6	99.6	97.5	98.9
1986	100.7	102.1	101.4	97.0	103.7	102.0	101.4	104.5	103.8	103.6	99.0	101.6	102.9
1987	104.3	102.0	102.3	97.8	99.5	100.6	111.5	104.8	109.0	108.5	102.0	104.1	103.8
1988	102.9	96.1	104.7	96.8	102.6	99.6	116.9	104.8	107.4	104.8	102.4	100.9	103.7
1989	110.7	97.6	108.6	98.3	107.0	102.5	117.4	105.6	113.9	107.9	101.1	102.8	106.5
1990	108.2	95.1	103.2	100.2	106.4	104.2	105.2	106.3	110.6	105.2	99.2	99.7	105.6
1991	106.8	93.7	99.5	101.1	103.7	101.1	101.6	110.2	103.1	104.5	95.9	94.0	104.9
1992	97.2	94.0	92.5	90.5	96.0	92.9	104.0	106.8	97.5	98.2	91.2	93.0	99.1
% 92/91	-9.0	0.3	-7.1	-10.5	-7.4	-8.0	2.3	-3.2	-5.5	-6.1	-4.9	-1.1	-5.5

(1) Nominal index of prices of final output divided by the nominal index of prices of intermediate consumption.

Table A.36

Volume of total labour input in agriculture in annual work units (AWU) from 1973 to 1992 in 1000

	B	DK	D	GR	E (1)	F	IRL (2)	I	L	NL	P	UK	EUR 12
1973	149.0	189.5	1250.0	1116.0	3606.8	2147.0	348.4	3407.5	12.7	286.0	1360.0	597.1	14470.0
1974	143.3	176.3	1198.0	1092.0	3488.2	2078.0	333.4	3336.7	12.2	281.0	1330.0	574.0	14043.1
1975	137.2	168.2	1168.0	1068.0	3238.8	2008.0	324.6	3209.1	11.5	277.5	1299.3	558.8	13469.0
1976	130.5	162.9	1139.0	1045.0	2985.0	1965.0	318.1	3207.5	10.8	273.7	1320.8	563.0	13121.3
1977	124.9	156.5	1082.0	1022.0	2782.0	1926.0	312.0	3094.4	10.6	265.9	1281.7	556.8	12614.8
1978	120.8	150.5	1059.0	999.0	2695.7	1895.0	305.4	3094.5	10.1	259.9	1212.8	555.4	12358.1
1979	120.3	144.4	1007.0	978.0	2521.7	1864.0	297.3	3044.4	9.7	256.5	1210.7	543.8	11997.8
1980	115.6	137.6	987.0	956.0	2323.3	1817.0	289.6	2938.8	9.2	254.3	1202.2	529.2	11559.8
1981	112.4	131.4	974.0	935.0	2114.3	1768.0	283.8	2751.6	8.6	249.3	1135.7	517.5	10981.6
1982	110.2	126.7	951.0	924.0	2036.4	1720.0	279.0	2593.4	8.3	248.0	1098.1	513.1	10608.2
1983	109.4	123.8	927.0	917.0	2003.0	1671.0	276.1	2645.8	7.9	248.3	1012.2	508.2	10449.7
1984	108.7	120.3	912.0	918.0	1863.4	1620.0	275.9	2598.7	7.5	246.7	1017.0	500.5	10188.7
1985	106.1	114.7	904.0	931.0	1784.0	1564.0	275.8	2494.1	7.3	245.4	1020.7	495.9	9943.0
1986	104.8	111.8	890.0	898.0	1691.8	1509.0	266.0	2473.4	7.0	242.7	942.0	485.6	9622.1
1987	101.6	105.1	836.0	849.0	1626.7	1455.0	254.5	2422.9	6.7	240.5	983.2	473.6	9354.8
1988	98.3	101.0	821.0	828.0	1575.4	1401.0	248.0	2313.2	6.4	237.4	940.7	465.1	9035.5
1989	96.0	98.5	775.0	813.6	1472.9	1349.0	243.0	2193.6	6.3	237.5	893.5	453.3	8632.2
1990	93.6	95.2	754.0	794.4	1406.8	1299.0	238.0	2148.9	6.0	235.1	839.2	444.3	8354.5
1991	90.8	92.7	716.3	778.5	1294.3	1253.5	229.4	2086.6	5.8	234.4	830.8	429.9	8043.0
1992	87.2	89.9	684.8	759.8	1215.3	1209.6	223.4	2034.4	5.5	236.5	776.8	422.8	7746.2
% 92/91	-4.0	-3.0	-4.4	-2.4	-6.1	-3.5	-2.6	-2.5	-4.5	0.9	-6.5	-1.7	-3.7

(1) Eurostat estimate for the period 1973-1979
(2) Eurostat estimate

Table A.37

Volume of family labour input in agriculture in annual work units (AWU) from 1973 to 1992 in 1000

	B	DK (1)	D	GR	E (1)	F	IRL (2)	I	L	NL	P (1)	UK	EUR 12
1973	139.0	156.6	1122.0	974.0	2952.7	1824.0	314.3	2237.7	12.1	237.5	1140.0	343.2	11453.1
1974	134.0	144.5	1066.0	956.0	2853.5	1771.0	299.6	2207.3	11.7	232.3	1114.8	328.0	11118.7
1975	129.1	137.1	1045.0	939.0	2645.0	1716.0	291.9	2146.0	11.0	228.9	1088.9	322.7	10700.6
1976	122.4	132.2	1024.0	922.0	2432.7	1675.0	285.0	2131.9	10.3	224.9	1107.0	329.3	10396.7
1977	117.2	126.3	971.0	906.0	2263.0	1639.0	278.7	2055.8	10.1	217.1	1074.1	324.6	9982.9
1978	113.7	120.8	951.0	889.0	2190.8	1610.0	272.0	2111.0	9.6	210.3	1016.1	325.8	9820.1
1979	112.9	115.2	895.0	874.0	2018.1	1581.0	264.5	2095.4	9.1	207.0	964.8	319.3	9456.3
1980	108.7	109.8	881.0	858.0	1883.0	1534.0	257.3	2069.9	8.6	203.7	1027.7	310.8	9252.5
1981	106.3	105.0	860.0	843.0	1715.9	1492.0	250.8	1940.2	8.0	198.8	970.8	306.3	8797.1
1982	103.8	98.9	841.0	827.0	1646.7	1451.0	245.7	1807.1	7.7	197.1	938.7	305.7	8470.4
1983	102.6	95.8	820.0	813.0	1611.1	1409.0	242.2	1880.0	7.3	197.6	847.0	304.1	8329.7
1984	101.5	91.9	812.0	808.0	1537.9	1366.0	241.1	1864.6	6.9	196.5	851.1	304.0	8181.5
1985	99.1	86.7	791.0	803.0	1435.1	1319.0	240.7	1767.8	6.7	193.7	854.1	303.1	7900.0
1986	97.2	84.7	780.0	781.0	1346.3	1272.0	233.0	1766.5	6.4	189.4	788.2	294.8	7639.5
1987	94.1	79.1	737.0	729.0	1282.2	1225.0	223.8	1729.7	6.1	186.0	822.9	291.4	7406.3
1988	90.8	76.2	718.0	712.0	1241.8	1179.0	216.5	1633.8	5.8	182.6	787.2	286.2	7129.9
1989	88.5	73.7	675.0	700.0	1161.0	1140.0	211.0	1502.6	5.6	179.8	747.7	278.8	6763.7
1990	86.1	71.0	662.0	683.0	1108.5	1102.0	206.5	1459.1	5.4	176.2	690.1	271.5	6521.4
1991	83.5	68.6	628.9	679.6	986.6	1063.4	199.9	1413.9	5.1	173.2	693.6	269.4	6265.7
1992	80.2	65.9	601.2	674.8	962.9	1026.2	194.7	1339.0	4.9	173.5	641.6	267.3	6032.2
% 92/91	-4.0	-4.0	-4.4	-0.7	-2.4	-3.5	-2.6	-5.3	-4.6	0.2	-7.5	-0.8	-3.7

(1) Eurostat estimate for the period 1973-1979
(2) Eurostat estimate

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